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16 July 1982

NEAR EAST/NORTH AFRICA REPORT

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INTER-AFRICAN AFFAIRS

MAGHREB SEEN ON BRINK OF COLD WAR

Paris LE MONDE in French 15, 16-17 May 82

[Article by Paul Balta: "The Missteps of Paris"]

[15 May 82 pp 1, 5]

[Text] Mr Mitterrand, who is making his first trip to Black Africa on Thursday, 20 May, will first stop in Algiers on Wednesday the 19th, where he will hold discussions with President Chadli Bendjedid. This will be the third meeting between the two heads of state. The day before, King Hassan II will have begun an official trip to the United States during which the possible establishment of American bases in Morocco is to be discussed.

In a two-part series, Paul Balta takes stock of the Maghreb situation at a time when the Reagan administration is demonstrating great activity in this region which is traditionally within the French sphere of influence.

The considerable increase in American military aid to Morocco and Tunisia¹, the United States' continuing hostility toward Libya which is accused of "playing the game of Soviet expansionism" in Africa, the pressures exerted by American diplomats on a number of countries on the African continent to urge them to boycott the OAU summit in Tripoli at the beginning of August, these are tiems which intrigue and worry the French diplomatic corps. The head of state himself is concerned, and we know that the situation in northwest Africa occupied a good part of his discussions with President Reagan in Washington in March.

This situation raises a series of questions: Will Spain, which is joining NATO this year, yield to pressure from the United States, which is urging

1. Between 1982 and 1983 aid to these two countries should increase from \$30 to \$100 million and from \$85 to \$140 million, respectively.

it to join the "Washington-Rabat axis"? Are the American involvement in the region and the Polisario Front's threat to go directly to the USSR to procure arms leading to internationalization of the Saharan conflict? Are we witnessing the commencement of cold war in the Maghreb, or only a move toward increasing rivalry between the United States and France?

There are apparently three major causes for the strategic changes occurring in the Western Mediterranean²: the development of French-Maghreb relations, the changes in orientation of French policy in the Middle East, and Washington's desire to intervene more actively in the Maghreb, in Black Africa, and in the Gulf area.

From the end of the Algerian war in 1962, De Gaulle had outlined an Arab policy which, breaking with colonial tradition, was directed toward the future and based on solid fact. His first two successors more or less followed the path that had been traced, the policy having come into its own after the general condemned Israel as the aggressor in the Six-Day War in 1967. On the other hand, the overlapping of human and material interests, and the emotional, indeed passionate, character of relationships with Nouakchott, Rabat, Algiers, Tunis, and later Tripoli, might have led one to wonder whether Paris actually had a Maghreb policy. In theory, France's strategy was--and still is--to be on good terms with these capitals and to help them strengthen their independence. In practice, things often worked out differently.

A Common Fear

The Bizerte expedition in 1961 and the Ben Barka affair in 1965 affected relationships with Tunisia and Morocco, countries whom De Gaulle was already reproaching for their "compliance" with the United States, for a long time. At the same time, he had favored relations with Algeria, which was then asserting itself as one of the leaders of the Third World.

Georges Pompidou reestablished an atmosphere of calm with Tunis and Rabat, but his refusal to reevaluate the price of Algerian petroleum prompted Boumedienne to nationalize the petroleum industry in February 1971. The resulting tension took close to 2 years to slacken. One year after his arrival in the Elysee Palace, Giscard d'Estaing was the first French head of state to make an official visit to Algiers, Tunis, and Rabat. France finally has the chance to establish trusting cooperation with these three capitals. Very quickly, however, the overly visible support given to Rabat in the Saharan conflict, and Libya's action in Chad and the Sahara bring Paris' relations with Algeria and Tripoli close to the breaking point.

The coup in Nouakchott on 10 July 1978 which overthrew President Ouald Daddah will allow the French Government to adopt a more neutral stance in the Saharan conflict and to improve its relations with Algeria. Francois

2. The Institute of International Affairs in Madrid organized a conference on this theme at the end of March in Toledo.

Mitterrand's victory on 10 May 1981 gives rise to obvious satisfaction in Tripoli and in Algiers, where the Socialist Party's support for the Polisario Front's cause is appreciated. On the other hand, King Hassan II and President Bourguiba are fearful of seeing the new head of state supportive of the establishment of a new more equitable world order--as he solemnly reaffirmed at the Cancun (Mexico) Conference in October 1981--take over De Gaulle's vision on his own, and establish favorable relations with Algiers.

There is one difference in any case: in 20 years, the Maghreb countryside has changed considerably. Exchanges between the Maghreb and Machrek have intensified; Tunis has become the seat of the Arab League, and, whether they are members of the Front du Refus as Libya and Algeria are, or are in the moderate camp as Morocco, Tunisia, and, to a certain extent, Mauritania, are, all these countries share the same fear: that the new party in power will break with De Gaulle's Arab policy or change it to the point where it would become unacceptable.

As for Hassan II, he is playing a subtle role overlapping the Maghreb and Machrek. He facilitated President Sadat's visit to Jerusalem in 1977, and only withdrew his support when Sadat's isolation and the unpopularity of the Camp David agreements became obvious within the Arab world. A backer of the "Fahd plan" which implies recognition of Israel by the Arabs, he is also chairman of the El-Quods Committee (Jerusalem) which is defending Arab status for the Holy City. Simultaneously, some 2,000 Moroccan agents--trained by French methods--are acting as security forces in Saudi Arabia, while others form the personal guard of Sheikh Zayed, president of the United Arab Emirates. In exchange for these services, and in the name of a type of monarchic solidarity, Hassan II is benefiting from the diplomatic and financial aid of the Gulf countries in the Saharan conflict.

Knowing that Mitterrand had spent part of the night rewriting his speech to the Knesset, the Maghreb leaders worried that he had "forgotten" to condemn the annexation of the Golan Heights and to recall the existence of Palestinian refugees in Transjordan. One year later, it is significant that the Maghreb leaders did not intervene when the Gulf countries recently began to withdraw capital and to let it be known that they plan to reduce the extent of their cooperation with Paris.

Blunders and Vacillation

Blunders, vacillation and contradictions have also hindered France's political desire, the first time it has been so forcefully displayed, to promote inter-Maghreb entente--particularly through numerous ministerial visits--in order to strengthen cooperation with this entire region, the doorway to Africa and a useful link with the Middle East.

In any case, Pierre Mauroy's hastily prepared visit to Tunisia in mid-February caused some disillusionment. Proclaiming upon his arrival that he was bringing with him the "spirit of Cancun," the prime minister had built up hopes: "How much and how?" asked the Tunisians in substance.

However, nothing had been concretely planned to assure French participation in the bank established with Tunisia and Qatar, or methods for Paris to finance a second French-language television network. Since then, the experts have set to work again, and the trip that Mitterrand is to make to Tunis in the fall should strengthen cooperation.

Officially, the Algerians state that bilateral relations have never been better. It would be ungracious of them to say otherwise after the gas agreement concluded on 3 February: not wanting to repeat George Pompidou's mistake in regard to petroleum, France wanted a new contract and agreed to pay around 25 percent over world rates for this gas. But, in his haste to conclude the agreement, was it necessary for Cheysson to agree to make it retroactive (1.69 billion francs) by "forgetting" the losses suffered by the Montoir-en-Bretagne terminal when it was out of operation for more than 1 year? (LE MONDE 24 March)

Granting "Facilities" to Washington

To make the necessary funds--2.15 billion--available, it was necessary to reduce the Agency for Energy Savings' budget by close to 20 percent and, as state resources are not unlimited, to cut the Ministry of Cooperation's budget. This time, this agreement which was supposed to be exemplary for North-South relations, caused a feeling of frustration in many African countries, but also within various departments of the administration.

Although it was postponed several times, Jacques Delors' visit to Rabat at the beginning of April, following Hassan II's visit to Paris at the end of January, did contribute to improving the atmosphere, without however eliminating all the mistrust on either side. Mitterrand is obviously aware that his Moroccan partner cannot be neglected, but also knows that it is difficult to reconcile the principles defended by the majority there and the practices of a monarchy whose leader, although liberal in appearance, exercises almost absolute authority.

At grips with a difficult domestic situation and the drain on his country which the Saharan conflict represents, the king wonders about the true intentions of France, which did not hesitate to suspend shipments of military spare parts for nonpayment. On the other hand, the Polisario Front, which feels strengthened by the Socialist Party's support, is also wondering about the Elysee Palace's strategy. However, resuming Pompidou's policy which was intended to avoid "tete-a-tetes" between Libya and the USSR, to temper Colonel Qadhafi's activism through dialogue, and to open up a profitable market for France, the Mauroy administration has renewed cooperation with Tripoli at the risk of worrying Rabat and aggravating Washington. It is true that the leader of the Libyan revolution has agreed to several conciliatory measures by withdrawing his troops from Chad, restoring the French Embassy in Tripoli and returning to President Bourguiba the original of the agreement on the failed merger concluded in January 1974. Besides, on a visit to Washington, Tunisian Prime Minister Mzali also made conciliatory remarks about his restless neighbor.

Let us note the symmetry, in any case: Commander Jalloud, the No 2 Libyan leader, is to be received in Paris shortly. Hassan II is going to Washington on 18-20 May to discuss granting "facilities" to American forces on Moroccan territory. Within the embassies, however, they assure us that these are indeed bases within which the Americans will have complete autonomy, the problem being to find a way to "Moroccanize" them to preserve appearances. While pretending not to get involved in relations between friendly countries, France in turn wonders about the disturbing, in its eyes, strategy of Washington and Rabat.

[16-17 May 82 p 10]

[Article by Paul Balta: "Washington's Game"]

[Text] France intends to have a Maghreb policy based on bilateral cooperation and on understanding among the various countries in the region. In any case, Mitterrand's more "balanced" policy toward the Middle East, made evident in his trip to Israel, and various missteps by Paris are hindering this desire (LE MONDE 15 May), while the Reagan administration is demonstrating unprecedented activity in the western Mediterranean.

The advantage that King Hassan II is deriving from the American commitment to his side is obvious. In the short term, it complicates the task of his adversaries: the Polisario Front, first of all, on both the diplomatic and military levels; then, Algeria, who would like a quick settlement of the conflict in order to be able to devote itself to its domestic development, but without sacrificing the Western Saharans; and, finally, Colonel Qadhafi's Libya. For, since the Saharan Democratic Arab Republic was admitted to the OAU on 25 February, the American embassies, taking over Giscard d'Estaing's former diplomatic policy, have been actively urging African countries to boycott the organization's Council of Ministers. At present, they are continuing to deploy their efforts with 18 African countries which support the Moroccan arguments¹, in order to dissuade them from going to Tripoli and thus to prevent the holding of the organization's summit meeting at the beginning of August for lack of a quorum.

This activism in the Maghreb breaks with the caution of previous American administrations. The United States notes that it has maintained good relations with the Alawite monarchy since the 18th century, and that it is normal to support a friendly country which, in addition, has a strategic location of primary importance: straddling the Mediterranean and the Atlantic, it is located near the Saharan corridor--an object, according to them, of Libyan, indeed Soviet, desire--which opens onto the Canary Islands from which both the shipping lanes between Africa and America, and the Maghreb horizon can be watched at the same time.

1. Cameroon, Central African Republic, the Comoro Islands, Ivory Coast, Djibouti, Gabon, Gambia, Guinea, Equatorial Guinea, Liberia, Mauritius, Niger, Senegal, Somalia, Sudan, Tunisia, Upper Volta, Zaire. Egypt was hesitant.

In requesting bases from Morocco, Washington further hopes to have relief areas available to complete the apparatus of the "strategic alliance" intended to oppose possible Soviet penetration of the Gulf area and to protect the coastal states from internal subversion.

Among other difficulties, it is advisable to take note of the points of contention between Spain and Morocco, and not only in the area of fishing. Hassan II, who cannot fight on all fronts at the same time, has had the good grace to put the "recovery" of Ceuta and Melilla aside, as long as Madrid's claims to Gibraltar have not been satisfied; however, this question could be solved through NATO. What will the Sherifian sovereign, pressured by his opposition and their opinion, do then faced with the Spanish military who do not want to hear about restoration of the presidios at any price? Finally, Spain which has never recognized Israel and which maintains good relations with the Arab world--although it does not have an actual policy in this regard--would have it known that it does not intend to serve as a stop for American planes should a new conflict break out between the Hebrew state and its neighbors.

A "Vital Area" for Washington

All these reasons have prompted the Americans to procure bases in Morocco, their presence in this country also being capable of facilitating army relief if the throne were to be threatened, or even overthrown, conforming to the scenario already envisaged by previous administrations and revealed in a "flight plan" organized by the CIA.² Finally, it is not impossible that, without saying so openly, the United States continues to mistrust a French administration which includes communist ministers.

From 20 March 1981, in the midst of the French presidential campaign, on, the rumor was circulating in Rabat's political circles that the next American ambassador would be General Vernon Walters, former assistant director of the CIA, and, as such, extremely sensitive to the "Soviet threat." With Mitterrand's victory in mid-May, M'Hamed Boucetta, Moroccan minister of foreign affairs and a long-time supporter of loosening ties with France and increasing cooperation with the United States, whom the palace hardly listened to on these points, was sent to Washington by the king. At the beginning of August, some weeks after the formation of the second Mauroy Cabinet, General Walters, who was finally not appointed to Rabat, went there as a roving ambassador and gave a more "ideological" turn to the American commitment.

American missions--political, economic, and military--have followed one another in rapid succession, and, last 12 February, 2 weeks after Hassan II's visit to Paris, Secretary of State Alexander Haig revealed during a press conference in Marrakesh that the United States will have "two military refueling bases" available and that a joint military commission had been formed. He explained this cooperation--in a region where France

2. In 1979 the American television network ABC revealed a report which it claimed came from the CIA. (LE MONDE 28-29 Oct 79).

still remains the No 1 military power--through "the necessity to reestablish peace and security on the international and regional level," in the face of Colonel Quadhafi's "destabilizing activity" supported by the USSR.

Moreover, the American commitment had already been made concrete shortly after the taking of Guelta-Zemmour by the Polisario Front in October. In a long interview with an American television network, Francis West, assistant secretary of defense, confirmed on 17 December that the Polisario Front had used Sam-6's and revealed that American advisers had begun to train Moroccan pilots in the north of the country "how to avoid these missiles and how to attack Sam batteries," training requiring 2 to 3 months.

However, West added: "The Polisario is not the cutting edge of Soviet expansionism in Africa.... I respect the fighting capability of these men, and it is obvious that many of them are very nationalistic." We note, in any case, that this is the only large African liberation movement that Moscow has never recognized.

Accusing Colonel Quadhafi of being the "source of escalation of this conflict," West assured that the United States "will not keep its arms crossed, but will help Morocco to defend itself," while stating that "neither of the two camps can gain militarily." He added that the Polisario "has a sanctuary in Tindouf...in Algeria which is five times more powerful than Morocco.... The Moroccans are trying to hang on to a small part of the Sahara while, in my opinion, it would be better to have a more active defense instead of sitting around and waiting for the others to attack."

Obviously, the United States was aware of the risks that this conflict presents, and this is why, like France, it recommended a political solution based on a referendum. At present, this issue seems to be in jeopardy. In fact, Hassan II, who feared he would lose the vote, only agreed to it once the "wall" was built. The Polisario, who never stopped maintaining that "the Saharan people are self-determined through arms," but who accepted the referendum in theory at least, then feared that the poll might work to its disadvantage, and in turn refused unless Morocco would withdraw its civil and military administration from the contested territory, in particular from the "vital triangle" now protected by the "wall."

The king furthermore asserted in Paris at the end of January that he would not negotiate with the Polisario, mentioning the fact that it was not on the list of liberation movements recognized by the OAU, nor with the SDAR [Saharan Democratic Arab Republic], which, although recognized of course by 50 countries including 26 African countries, in his eyes "had no legal existence" since its membership in the African Organization was pending. By ratifying its admission on 25 February, the secretary general of the OAU, supported by the majority of the member states, wanted to push the king into a corner. From all evidence, he did not expect that a good third of the members would follow Morocco in voting against this decision.

While the OAU passes through the most serious crisis in its history, the Saharan leaders are showing themselves to be confident. "Except for a tiny minority," they say, "the African nations will not take the responsibility for shattering the organization. Despite the American pressure

Morocco's friends will prefer to pursue the procedural battle from within, for on the outside it would have no more meaning." They also note that Egypt, "already cut off from the Arab world," will hesitate to pull out of the OAU; that Guinea will not "sabotage" the Tripoli summit, so as not to jeopardize the one it is to host in 1983; that many other nations need the pan-African forum; and that Tunisia, whose capital houses the Arab League, cannot bow too openly to Washington's directives and challenge its two powerful neighbors to the east and the west.

Meanwhile, the French diplomatic corps is watching the development of the situation with some concern. Against any action capable of heightening tension or destabilizing a country in the region, for fear of chain reactions, it has asked the Americans, without great success to date, to stop exercising pressure on the African nations. Regarding the Maghreb, Paris notes that the Saharan conflict has not prevented the United States from figuring among Algeria's primary trading partners, nor the Soviet Union from being the largest purchaser of Moroccan phosphates. In what way, they are still wondering in Paris, would shattering the OAU contribute to resolving the Saharan conflict and the conflict in Chad?

Will this active support from Washington, which is serving Hassan II in the short term, not turn against him in the long run? Foreign military bases are extremely unpopular among the Arab and Moslem people, and the ones the United States is going to have in Morocco could indeed provoke a rejection movement as in Iran and cause upheavals throughout the rest of the Maghreb, carried along by a wave of solidarity. When he received the Sherifian sovereign, Mitterrand showed that he was concerned over the stability of his country. But, just the same, can he ignore the fears regarding the consequences of internationalization of the war which the Mauritanian president recently came to point out to him? Lieutenant Colonel Haidalla fears that with the strength of Washington's support, Morocco will seek to destabilize his regime.

The French head of state mentioned all these concerns during his meeting with President Reagan. He will also speak of them to President Chadli during his stopover in Algiers on 19 May while visiting Africa, while Hassan II's being welcomed in Washington. The other European nations, probably less aware of the struggle going on in the Maghreb, do not seem to want to take a stand on these problems which are, however, of great consequence to them.

9693

CSO: 4519/181

PROGRAM TO CURB FOREIGN LABOR PRESENCE

Riyadh AL-RIYAD in Arabic 13 May 82 p 17

[Article: "Gulf Countries to Focus on the Citizen As An Alternative to Foreign Workers; Review of Their Policy and Training Programs to Provide the Minimum"]

[Text] Vocational training programs in the Gulf countries have begun to play a prominent role in the growth and development process after the countries of the area discovered the importance of using the opportunities available to create a national cadre of personnel qualified for vocational and technical work at the highest level. Helping to generate a pressing need to create this cadre has been the apprehension felt by the countries of the area over the past 5 years when the area began to suffer from a tremendous accumulation of foreign workers whom they had brought into work there from various parts of the world.

Preliminary statistics estimate the total labor force currently present in the boundaries of the region at more than 3.5 million foreigners running the gamut from holders of doctorates to illiterates to craftsmen.

Despite the unemployment, poverty and reduced rate of international economic growth which the world is experiencing, the Gulf area ranks first in the world in growth and has been unmatched by any other area over past decades.

Accordingly, the Gulf countries have begun to redo their calculations with regard to the foreign labor force by pursuing a preventive policy which, if it did not put a stop to the great demand, would raise their technical and vocational levels, having discovered that the size of the foreign labor force did not equate with the actual need for it nor did it equate with the level of production and quality.

Among the Gulf programs on which the countries of the area have concentrated are the following:

1. A review of the policies on bringing workers in.
2. Emphasizing the creation of vocational and training institutes and, through offering inducements and privileges, motivating young people to enroll in them.

3. Expanding the national workforce base and providing it with the necessary employment opportunities to encourage and protect it.

4. Forcing international companies with which contracts are concluded to train a national cadre during the duration of the contracts, making them stick to this although this point in particular is what the Gulf countries have suffered from. The companies try to evade this for fear that the Gulf youth will be a rival for them and pose competition for anticipated work in the future.

Some Gulf countries have cancelled contracts of international companies because they have evaded implementation of this policy.

The total number of Gulf students and staff personnel who are receiving training abroad at the expense of international companies is estimated to be more than 25,000.

Some countries of the area have included such expenses in contracts to ensure training in the same specialties by the companies.

5. Some countries of the Gulf have paid the costs of training abroad for persons from the private sector as is the case in the Kingdom, a pioneering step.

All these approaches will create a Gulf national cadre over the short term and so will decrease the importance and significance of using the foreign labor force which constitutes a source of great concern for the countries of the area.

8389

CSO: 4404/503

PRIVATE INDUSTRIAL VENTURE FOR FIBER GLASS PRODUCTION

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 38, May 82 pp 86-87

[Article: "The Gulf Private Sector Enters the Stage of Joint Ventures"]

[Text] The First Private Industrial Project [Participated in by Persons From] Seven Gulf Nations.

The Doha Meeting Approved the Establishment of the Fiber Glass Company Within 4 Months.

Doha--The Gulf Organization for Industrial Consulting [GOIC], at the beginning of last April in its headquarters in Doha, witnessed the birth of the joint Gulf venture for the production of fiber glass. (Production is expected to begin at the end of 1984.) This new project is important and constitutes a precedent in two ways. First of all, it is the first private joint venture between the seven Gulf nations which has been undertaken on the level of the private sector. Secondly, this is the first time that the GOIC has been involved with a private sector project, and this opens up new horizons for the GOIC to be active and to play its role as the main consultant organization for the Gulf countries which established it as an organization.

AL-IQTISAD WA AL-A'MAL attended the first founders' meeting for this project and emerged with the following report which summarizes the facts surrounding the project and deals with its most significant features.

Businessmen and experts representing 14 investment groups and establishments in Saudi Arabia, Kuwait, Oman, Bahrain, and Qatar met in the GOIC headquarters in Doha on 6 April of this year in order to hold the first founders' meeting for the joint Gulf fiber glass project. No one from either the UAE or Iraq attended the meeting, but a number of businessmen from both of these countries sent messages stating that they were interested in the project and would like to keep their right to participate in it. The purpose of the Doha meeting was to discuss the following matters: to determine who were to be the investors founding the project, to determine the ideal number [of such investors], to determine the legal formula for the company, to choose the location of the project, to determine, in principle, the shares of corporate stock [which each investor would be allowed to have], and to determine a time-frame for announcing the formation of the company.

The Founders

Those who attended the meeting were the following persons: From Saudi Arabia-- Shaykh Sulayman Hamad al-Qusaybi (the Ahmad Hamad al-Qusaybi and Bros. Group), Shaykh Ibrahim Efendi (the 'Amudi Group), 'Abd al-'Aziz al-Qahtani (the 'Abd al-Hadi 'Abdallah al-Qahtani and Sons Company), 'Abd al-Majid Yusuf al-Rashid, Muhammad 'Abdallah al-Dhikri (the Sa'd and 'Abdallah al-Dhikri Company), 'Abdallah Abu (Mlhah) (the 'Asir Company), and Habib Muhammad al-Bikri (the Zanil Industries Company).

From Kuwait--Hashim Hashim Qasim (the Kuwait Fiber Glass Company), Jasim Yusuf al-Yusufi (the Yusufi Works for Reinforced Plastic Products), and Khalid Ibrahim al-Fasam (the Kuwait Chemical Industries Company).

From Qatar--'Isa al-Manna'i (the Taysir Group).

From Oman-- Tawfiq Ahmad Sultan (the Agency of the Dbliuji Tawl) Company), and Murtada Muhammad Fadil (the Omani Development Bank).

From Bahrain--Hamid Rashid al-Zayyani (Zayyani Investments).

Others participating in the meetings were Mr Ihsan 'Isa al-Khalaf, the assistant secretary general of the Federation of Gulf Chambers of Commerce and Industry, and a number of GOIC experts.

The meeting was chaired by Dr 'Abdallah al-Mu'ajal, the secretary general of the GOIC. He spoke about the phases of the project and its significance within the framework of Gulf cooperation. Then he yielded the floor to Engineer Nasif Dabdab, the assistant secretary general of the GOIC, who spoke about the agenda and objectives of the meeting, and after that he directed the discussion and arranged for answers to be given to technical questions which were asked concerning some of the project's commercial and technical details.

Project Indicators

Those attending the meeting first heard a brief presentation concerning the indicators of the project's economic feasibility and concerning the project's technical specifications. The most important of these were the following, which were discussed by the GOIC's expert, Dr Shana'ah:

The project's estimated production capacity will be between 10,000 and 15,000 tons of mats, granules, and fibers, and since production will be on such a large scale, the plant which is to be set up will be considered a large-scale project.

Consumption capacity on the part of the Arab Gulf nations of fiber glass products and materials is 22,000 tons. This means that the project will be based on the assumption of being able to substitute the fiber glass materials produced in its plant for 70 percent of such materials which are presently imported.

Although there exists a surplus in the world's production capacity [of fiber glass materials], those present at the meeting agreed to consider the feasibility [of the project] as something which is assured. They felt this way in view of the possibilities of a resurgence [of the world's economy] and in view of a number of advantages which the project enjoys due to cheap energy in the Gulf countries--and this is a basic element in the realm of cost--due to the protection which the project is expected to enjoy, and due to the fact that 50 percent of the necessary raw materials such as glass sand and dolomite are found in countries in the area.

Concerning the possibilities of cooperating with foreign experts in the importing of equipment and operation of the plant, it was learned that some internationally-active manufacturers such as (San Ghuban) and (Unz Kurngh) initially refused to cooperate and sent a study to the GOIC which attempted to demonstrate the lack of feasibility of the project. However, other establishments such as Jones (Manfil) showed their readiness to participate in the project and to sell their technical expertise. It appears that the few international companies which enjoy a semi-monopoly in the area of fiber glass materials changed their minds after they saw that those in charge of the Gulf project were determined to go ahead and undertake it. This is what usually happens. The international companies begin by mounting an operation to "wear down" the will power of the developing nations which want to enter an advanced industrial field. But they yield in the end when it becomes clear that the idea is feasible and when competition begins among the companies to participate in the project. GOIC experts stated that (San Ghuban) itself ended up making a bid, as did (Unz Kurngh). These bids were in addition to the bids made by Jones (Manfil), the British company T.B.A. Bishop, and various Japanese companies.

Distribution of the Shares

Concerning the number of shareholders, the prevailing opinion was in favor of restricting the number to within 50. Priority would be given to those who attended the meeting or to those who have shown basic interest in the project--about 28 persons. At the same time, efforts would be made to allow some of the shareholders to be from the UAE and Iraq even though these nations were not represented at the meeting. After that, priority would be given to consumers of fiber glass products in the industries which use fiber glass to make their products since they are the ones who have an interest in the securing of semi-finished materials and in particular in their production. After that, priority would be given to those interested in [this production] sector.

Should the Project Be Located in Saudi Arabia or Bahrain?

Where will the project be located? No final decision has been reached concerning this matter, and the decision will be left up to the Follow-Up Committee which was established at the conclusion of the meeting. It became clear that it would be difficult to set up the project in Kuwait or Oman in view of the fact that each of these two countries stipulates that 51 percent of the shares be in local hands. Most people appeared to be in favor of setting up the project in Saudi Arabia because Saudi Arabia is expected to be

a large-scale participant in the project, because Saudi Arabia has a large market, and because Saudi Arabia would grant plenty of easy terms to the project since it would be treating it as a Saudi project. Furthermore, Saudi Arabia has cheap energy, has the raw materials [necessary for the project], and the Eastern Province of Saudi Arabia is located right in the center of the Arab Gulf region and would thus be a good place from which to market the products. However, some people at the meeting believed that the project could also be set up in Bahrain in view of the flexibility of Bahrain's laws and in view of the general economic climate in Bahrain.

A Closed Corporation?

Those at the meeting dealt with the matter of the best possible legal formula for the project. Talal Abu Ghazalah, on the basis of a question asked by one of those present, stated that the choice of the project's location would influence the project's legal formula since each country has its own laws. He said that it was consequently better to first determine the location of the project and then choose the best available [legal] formula for the project in the context of the country where it would be located. Some people suggested opening up the company to the public and allowing the participation of small-scale shareholders since this would allow the company to obtain more support from the governments [of the Gulf nations]. However, Shaykh Ibrahim Efendi was not in favor of having small-scale shareholders assume the risk [of being shareholders in the company]. He felt that the company should first be established, should be in operation for 2 years, and should begin production, and only then could, for example, 50 percent of the shares be made available to the public. In general, those at the meeting agreed that the company shares should not be made available for public subscription until company production has begun. This implies that [they felt that] the best legal formula for the company might be that of a closed corporation.

After these basic points concerning the project were discussed, those at the meeting switched over to discussing the steps of implementation. The first thing requested was the act of registering the names of those interested in participating in the project. Those at the meeting were unanimously in favor of doing this. Then each participant at the meeting was asked to deposit the sum of 10,000 Qatari riyals in a special account to help pay for the expenses of founding the company and to provide assurance of the seriousness of his commitment. Furthermore, a Follow-Up Committee was formed, to be chaired by Shaykh Ibrahim Efendi (Saudi Arabia), and the members of the committee are Nasif (Dabdab) (GOIC), Ihsan 'Isa al-Khalaf (the Federation of Gulf Chambers of Commerce and Industry), Khalid al-Fasam (Kuwait), Tawfiq Sultan (Oman), Hamid al-(Zayyani) (Bahrain), and 'Isa al-Manna'i (Qatar). The task of the committee was determined as being that of studying the company location, the company's legal formula, preparation of the company's articles of association, formation of the company's capital, and distribution of its shares. The committee was also given the task of making contacts with foreign companies in order to ascertain whether or not they wish to sell their technical expertise. A period of 4 months was set for the completion of these tasks. Furthermore, it was agreed that a follow-up meeting should be held in 2 months in Bahrain, and the date for this meeting was set as being next 9 June.

Remarks

In conclusion, the following remarks should be made concerning the results and significance of the meeting:

1. The discussion held between the Gulf businessmen were characterized by a strikingly high level of seriousness and a businesslike approach. Within the space of 2 hours initial decisions were made concerning all basic aspects of the project. The establishment of the company has become an accomplished fact, and its formation will be announced very soon. It was also noticeable that those at the meeting really were above the petty regional considerations which usually predominate with organizations which engage in joint Arab work on the governmental level.
2. The GOIC has played a basic role in preparing this project and making it a success. It appears that the GOIC has oriented itself toward working with the Gulf private sector, and that this is the orientation not originally planned for. However, the project was considered to be too small (the project's capital is \$50 million) to bother the Gulf governments with. But the GOIC's experience with Gulf businessmen and the readiness and speed with which they have responded have made the organization seriously consider devoting a basic and increasing proportion of its efforts to the private sector.
3. The project as such is an important precedent in view of the fact that it probably is the first industrial project being established as an actual corporation which may embrace 50 large-scale shareholders from seven Gulf nations. The corporations which have been established so far have been on narrow foundations--generally on a local basis and based on family ties. This company will be a new experiment for this very reason, and since there will be an absence of a main bloc of shareholders. This will be particularly true because the shares will be distributed equally, and this fact will make the choice of the [Company's] general manager and financial and technical administrative personnel a matter which will be not only of great importance, but also decisive.
4. The fiber glass project is emerging in the midst of growing awareness on the part of the Arab private sector of the importance of investing on a regional basis or on a pan-Arab basis. Indications are that a number of similar projects might emerge in the near future.

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CSO: 4404/480

FOREIGN MINISTER CALLS FOR CESSATION OF REGIONAL CONFLICTS

Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic No 262, 10-16 May 82 pp 16-17

[Interview with Shaykh Muhammad ibn Mubarak Al-Khalifah, Bahrain's minister of foreign affairs, by 'Ali Hashim, in Bahrain: "Bahrain's Foreign Minister Tells AL-NAHAR AL-'ARABI WA AL-DUWALI: 'The Fez Summit Conference Will Resume Before the End Of the Year; Opponents Of the Fahd Plan Should Come Up With an Alternative; We Are Working For a Just and Honorable Solution To the Gulf War'"; date not specified]

[Text] Bahrain--Bahrain's minister of foreign affairs, Shaykh Muhammad ibn Mubarak Al-Khalifah, expects the Fez summit to resume before the end of the year. In a private talk with AL-NAHAR AL-'ARABI WA AL-DUWALI he said that Prince Fahd ibn 'Abd-al-'Aziz's plan for settling the Middle East problem has received, and will receive, the support of most Arab countries. Those who oppose it should come up with an alternative if they have one.

On the fast-moving developments in the region Shaykh Muhammad said, "The progress of the Gulf Cooperation Council [GCC], which was founded a year ago, has begun to require follow-up of events and achievement of a consensus among the sister nations. You know that movement in the initial stage is quite necessary, particularly because the world is witnessing important and fast-paced developments. This monitoring of developments is necessary for the GCC also, and it bodes well. It is a sign that we are able to act, unite and reach decisions. It must not be forgotten that the establishment of the GCC is considered the most important event for Arabs in the last few years, and it is the most important event in the Gulf since independence in the early 1970's because its purpose is to establish cooperation that is less dependent on emotions than it is on political, economic and military realities."

[Question] With all of this activity and these developments can the minister give an assessment of the course of events in the region these days?

[Answer] No one, not even a computer, can give a scientific and precise analysis of what is happening because events occur in sudden bursts, and the continuation of this situation may lead to a bigger explosion, beginning with Lebanon and ending with the Iraq-Iran war. It is therefore our belief that the only possible reason for allowing these explosions to continue is to stop the progress being made by the region in regaining its legitimate rights

from the enemy and building societies capable of dealing with the advances of this age.

I want to say that we in the Gulf region are opposed to any action aimed at shaking up the prevailing stable situation. We are trying to close ranks and work together because the region is entering a brief but historic period in which to implement development projects. If through petty squabbles it misses opportunities for development they will be lost to future generations.

We Make Recommendations; We Do Not Make Decisions

[Question] The emergency meeting of the ministerial committee that was held last month in Riyadh did not issue any recommendations or decisions. Can you tell us about this committee and what it concerns itself with?

[Answer] The GCC has regularly scheduled and extraordinary meetings. Developments sometimes force us to hold extraordinary meetings. The recent meeting of the ministerial committee took place within the framework of monitoring events which directly affect the region. We met to exchange information and ideas about confronting the dangers, and to present the notion to the kings, princes and presidents that they must make the necessary decisions to assure that the region's security is preserved. We shall continue to follow the consultative method, avoiding declarations and decisions, because for us it is a serious and righteous task to achieve mutual understanding and convert it into deeds in the areas of economics, the military and security. We are proceeding on the right track, with principles we have known since youth: teamwork and getting the job done without any commotion.

[Question] The Gulf war has dragged on for a long time and there seems to be no end in sight. What is the position of the nations of the region?

[Answer] The nations of the region have tried to stop the hostilities from their very outset, and they are continuing to make this effort now. They have made the greatest effort possible because in the long run this war is not in the interests of either of the two neighboring countries, and neither one will benefit from it. We have made every effort through the Islamic Conference, the non-aligned nations and the envoy of the secretary general of the United Nations. Only the Iraqis have responded to the mediation efforts. We in turn are urging Iran to cooperate with these efforts to reach a solution that is just and honorable for both sides. A settlement would be in the interest of both Iraq and Iran as well as the entire region. The continuation of the war is not in our interest, but only serves the interests of the imperialist superpowers. Trust that we are working, and working very hard, to find a solution acceptable to both sides.

[Question] What is Bahrain's position towards Iran now after uncovering what it called a subversive conspiracy? Have you severed relations with Iran or have you called on the GCC nations to sever relations?

[Answer] As soon as the conspiracy was discovered the government of Bahrain issued a statement detailing its aims and Iran's role in it. This was confirmed by the confessions and court proceedings that are taking place. We

have implored Iran--and continue to implore Iran--to refrain from interfering in its neighbors' affairs. We believe in having good relations with neighbors, and we still maintain relations with Iran. We hope that the charged atmosphere in the region will clear up and that the unnecessary tension will ease so that we can work together for a common goal, namely keeping the region out of the potential conflicts that its people are not aware of.

[Question] Does the GCC intend to mediate between Iraq and Syria?

[Answer] The situation between Syria and Iraq is tragic and distressing because the conflict between those two countries has repercussions on the overall situation of the Arabs, particularly the opposition to Israel. Restoring normal relations between the two countries is one of the fundamental pan-Arab goals of the GCC. We have tried, and will continue to try, to settle any Arab dispute, particularly the dispute between Syria and Iraq, because of its direct effect on events in the Arab World.

Resumption Of the Fez Summit

[Question] Do you expect the Fez summit conference to resume?

[Answer] Yes. All I can say is that resumption of the Fez summit is a real possibility. I believe that it will happen before the year is out. The Arabs' situation now requires a meeting at the summit level to pull the broken ranks together, because for the situation to remain in the status quo with no initiative at the summit level will cause further deterioration of relations. We hope, as Bahrainis first, and secondly as Gulf nations, that the summit meeting will be held before the end of 1982.

[Question] How do you explain the GCC nations' support of Saudi Crown Prince Fahd's proposal for settling the Middle East problem when that proposal is what caused the summit to fall apart?

[Answer] We unconditionally support the proposal because it is an Arab proposal that needs no reinterpretation. Arab summit conferences have previously affirmed its points. The Prince Fahd plan, if viewed objectively and clearly, is a restatement of decisions of the previous Arab summit conference. The world must hear it as a unified decision. The Israelis reacted to the plan with anger because it shot down their pretexts and claims that the Arabs have no peace plan and are not thinking about peace. The proposal is an effort offered by Saudi Arabia which most of the Arab countries at the Fez summit agreed on. It is still before this summit. We hope that those who have thoughts of Arab brotherhood will consider the Arab position and join us in supporting it. If anyone has an alternative let him please reach an agreement on it and bring us the result. The Saudi plan makes "the cause" of foremost importance and recognizes the right of the Palestinian people to regain its land and establish its own independent state. There is no hope for the Arabs if they don't put an end to their disputes. And if they decide to achieve results and success, then they must be in agreement.

Bahrain and the Lebanese Problem

[Question] Do the GCC nations intend to take a position on the Lebanese problem and on what is going on in Lebanon?

[Answer] I cannot speak for the GCC, but only for Bahrain. We assure you that we are making efforts to put an end to this destructive war in Lebanon and to halt the continuous horrible and painful bloodletting. We are making every effort through the GCC, the Arab League and international organizations to put an end to the continuing destruction in Lebanon. We support the legitimate national government and unity of Lebanon. We hope that the Lebanese factions can come to an agreement and close ranks to emerge from the dark tunnel through which the Arab World is going, particularly because Lebanon has gone deeper into the tunnel than necessary.

[Question] There are two Gulf interpretations of the danger facing the region: a Kuwaiti interpretation which holds that Zionism is the danger, and an Omani one which holds that the danger stems from the Soviet Union. Which view do you subscribe to?

[Answer] Firstly, I do not agree with your categorization or assumption. Neither the Kuwaiti nor the Omani categorization is 100 percent accurate. We in Bahrain agree that the danger should be categorized as follows:

The Israeli danger is an overall danger that poses a general threat to the Arab World, of which we are a part. The second danger consists of the local conflicts which open the door making it easy for intervention by the nations that have ambitions toward this region. Therefore I believe that the danger confronting us consists of two threats: Zionism, which poses a threat to the entire Arab World, as I have said; and an internal threat indigenous to the region. If the region's inhabitants fight with each other they expose their region to superpower intervention.

[Question] In their statements the Americans always focus on the fact that Bahrain provides facilities for their Seventh [sic] Fleet. Is this true?

[Answer] This same thing is always repeated. You always ask me about it. There is no need to repeat the question and the denial. We have one port in Bahrain, Port Salman, which receives ships of various kinds belonging to the countries with which we cooperate. The ships come to be supplied only with food, water and certain other vital needs. We have no bases and we have no secret agreements to provide facilities. Don't those who speak about Bahrain also have ports that receive ships of various countries and supply them with food and water? For the thousandth time we deny it: there are no bases and no one is using our port as a base.

Meeting Egypt Half Way

[Question] What is your opinion of the Israeli withdrawal from Sinai? Will Egypt rejoin the Arabs? If so, how?

[Answer] Any withdrawal from Arab territory by the Israeli enemy, even if only an inch, is a cause for joy. The withdrawal from Sinai should be welcomed. Sinai has been returned to Egypt, and this makes us very happy indeed. We also want Egypt to return to the Arab fold. But we want this return to include Egypt's playing a prominent role among the Arabs. We want it to be a natural return. It is well known that there are reasons for the breach between Egypt and the Arabs. When these are eliminated there will be Arab unity. We, for our part, will try to eliminate the causes. Egypt, for its part will try to meet us half way. All this will not be accomplished in a few days or weeks. We in Bahrain--I am not speaking for the GCC--are working hard to bring Egypt back into the Arab fold. It is up to Egypt to eliminate the factors that contribute to the breach. We stand behind all those who are endeavoring to bring Egypt back. It is up to Egypt to put the suspicions [of the Arabs] to rest.

[Question] When will the dispute with Qatar over the island of Hawar be ended? And what about the various border disputes in the region?

[Answer] Border disputes in this region and throughout the world can be settled by many people. With regard to this matter we are trying to eliminate anything that threatens our crucial fraternal ties with Qatar, particularly since the formation of the GCC.

The Saudis, who are the closest of those in a position to mediate between the two sides, have offered to serve as mediators to settle the question. The GCC is also available for mediation. There is no reason why it shouldn't be. We hope that the matter will be settled in the best interests of both countries.

There was more to be said, but other commitments forced Shaykh Muhammad ibn Mubarak to postpone the remainder of the interview for another time.

9123

CSO: 4404/494

LONG TERM INDUSTRIAL PLANS OUTLINED

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 38, May 82 pp 28-29

[Interview with Yusuf al-Shirawi, minister of development and industry, by Ra'uf Abu Zaki, in al-Manamah: "The OPEC Nations Will Win the Battle"; date not specified]

[Text] Mr Yusuf al-Shirawi, Bahrain's minister of development and industry, is one of the outstanding economic thinkers in the Gulf region. He has spent his life making Bahrain run, and has been one of the most outstanding Bahrainis in the field of economics. He has devoted his life to making Gulf cooperation work, not within the framework of the Gulf Cooperation Council [GCC] that was formed recently, but long before that. Well known in various Arab circles, he is distinguished by his simplicity, modesty, and the clarity of his thoughts, as well as his energy and vitality. He is non-stop movement, and a realist in his view and treatment of things.

AL-IQTISAD WA AL-A'MAL met with him in an office in al-Manamah where a quick but intensive discussion was held covering industry in the Gulf in general, and Bahrain in particular, and to what extent the drop in oil prices and production will affect Bahrain and the countries of the region in general. On the basis of his answers he seems optimistic that the OPEC nations will ultimately win the battle. Here is the interview.

[Question] What economic-industrial stage is Bahrain currently in?

[Answer] We are now in the stage of absorbing our previous activities--the development stage through which we have passed. That is, we are in a period of concentration and consolidation. The job of implementing projects in iron and steel mills, petrochemical plants, and the oil and aluminum industries, is progressing naturally, as is construction work on the bridge which will link Bahrain with Saudi Arabia. We need time to digest and assess what we have begun; we need a period of stability. This is where we are now. This is the stage we are in.

The four-part program was supposed to begin modestly, with the size of public and private sector projects to grow gradually, with the small projects to begin first because we did not want to overheat the economy at this time lest we create bottlenecks, inflation, a larger labor force and overcrowding. But

what happened was that we proceeded too quickly with some of the nation's projects at the urging of the ministries that were involved and their demands for services. But as far as industry is concerned we are not considering establishing many industries.

With regard to light industries, in the last 2 years we have issued about 150 permits, some of which are in the implementation stage, while studies found others to be unfeasible. These light industry projects, such as sulfuric acid manufacturing, furniture and others are being undertaken by individuals and syndicates. The private sector has shown interest in them, but we are advising them to proceed with caution in view of the small market.

What interests us now are the large industries linked to the economy of the GCC but not associated with the oil industry.

[Question] As far as we know, the GCC has decided to give priority to Bahrain and the Sultanate of Oman in joint projects in view of their need for resources. Have the details of these projects been determined?

[Answer] This is not so. Let me give you the facts. Any project that depends on natural gas or oil as raw material, such as petrochemicals, demands general confidence in order to make a profit. As the cost of oil rises the cost of its derivatives, such as fiberglass, also rises. But the manufacture of tires, natural oils, foods and other items requires raw materials from abroad, large volume and a large market. This makes it necessary to look to the GCC for these items. They are medium sized projects and require advanced technology and large markets, making them barely profitable for the Gulf. There are also difficulties with regard to competition. As for giving Bahrain and Oman general priority in industrialization, the reason for this lies in the fact that the other member nations are not greatly in need of these industries, and they have the necessary financial resources to implement their own projects without any difficulty. Bahrain and Oman have somewhat different circumstances. Bahrain has the infrastructure but needs financing, while Oman lacks both. The goal is to distribute projects among the member countries to establish a balance among the nations of the GCC.

[Question] Is there anything specific in this connection?

[Answer] Of course. If there is a greater need for ammonia or methanol, for example, the project will be established in Bahrain or Oman. Anything involving aluminum production will also be established in Bahrain because Bahrain has specialized in that area. There is a sheet metal plant which will engender additional spin-off industries. If enough aluminum sheets are produced it will be possible to add complementary industries such as the manufacture of wires, cables, pipes, roofing materials, small mosques, kitchenware, doors and windows. The sheet metal plant is expected to be completed in 1985. The plans and the experts' reports have been completed, and construction will begin in 1983. The cost will be \$25 million. This is a joint Gulf project.

A ball bearing project is proceeding normally and will be completed in early 1985. Work is now underway on the construction of the island on which the port and the loading and unloading installations will be built.

[Question] The direct incentives offered by Bahrain to encourage industrialization are considered to be too small for some nations of the GCC, Saudi Arabia and Kuwait among others. Do you have any intention of providing greater incentives?

[Answer] There are three kinds of incentives: providing the infrastructure, such as ports, roads and services; eliminating or lowering taxes and customs duties; and monopolization. Bahrain is not in a position to offer all of these incentives due to its limited resources and fact that a reasonable amount of protection must be provided to avoid a backlash. The government will continue to develop the infrastructure--electricity, water, preparation of the areas, and communications networks, as a first choice.

[Question] Then there is no general consensus that industrialization should be expanded very much?

[Answer] That's not what I am saying. But we do not have the resources to provide every kind of incentive.

[Question] But how can you attract industries when neighboring countries offer the private sector greater incentives for establishing industries?

[Answer] We want to maintain a kind of balance by creating an industrial bank which will offer loans and incentives on the basis of industrial balance in the region. These are only ideas which we hope will become reality for the common good of all the nations of the GCC.

[Question] Can the process of unifying incentives work?

[Answer] No. Unification is difficult. But we are trying to create a kind of balance in incentives. We are not, and would not think of, competing with our brothers, and we have no desire to try to keep up with them in these matters. But Bahrain has its own special features which would be well worth taking into consideration when investigating project sites, such as administrative talent, a general climate favorable for industry, a communications network, and other factors that can help projects succeed. Bahrain is a small country and can find a quick answer to problems.

[Question] How far has industrial coordination gone within the framework of the GCC?

[Answer] The governments have confirmed their budgets and have devised short-to medium-term development plans. Any attempt at coordination at the present time would be a mistake, and would cause the GCC to exert itself for the governments. In our opinion this stage must be bypassed, and we should think about coordination beginning anywhere from 1985 to 1995. The projects have been approved, and any attempt at fundamental coordination would cause a harmful disruption. I am not afraid of duplication because in the year 2000 our needs will multiply 10-fold, so loos through duplication is not something to worry about.

[Question] What effect do you think the lower oil prices and production will have on this region and the whole Arab World, both oil producing and non-oil producing countries?

[Answer] I speak for Bahrain. According to my information there will be no effect on projects in Bahrain because we do not sell crude oil for export, and the financing of these projects depends on general government income. Furthermore, we refine oil, and the country's oil production is sold domestically to the refining company at a published price. I think that the stage in which the oil industry now finds itself is a transitional phase which will end. The price will remain at \$34, and I believe the OPEC nations will win the battle with their adversaries in the long run.

[Question] Don't you think this will last a year or maybe 2?

[Answer] I think that in the coming year the world could use up the current surplus.

[Question] This is an optimistic view. Expectations are longer than that.

[Answer] The average world surplus is from 15 to 20 days' production. If we consider that each day's surplus production takes 10 days before it is available, it will be seen that the surplus will gradually be used up over a 150 to 200 day period. But there are countries like Nigeria which are unable to last more than 4 months without oil income, and that is a problem. They have selected the weakest link among the OPEC countries and have set out to break it.

[Question] But are Iraq and Iran also weak links?

[Answer] Whatever Iraq's and Iran's output may be, the difference between supply and demand in the international market will be very small. Saudi Arabia has decreased production by about 4 million barrels a day. And that is just one country. Kuwait, the UAE and other countries have decreased their output as well. Let us not forget also that Syria took away half a million barrels a day by shutting off the flow of Iraqi oil across its territory. So I am optimistic, and you can quote me as saying that this is a temporary crisis that will not last long. But this optimism must be mixed with some caution because this [reverse] oil embargo is more the result of control over consumption than it is of overproduction.

[Question] The GCC has decided to establish an investment bank or organization with capital of \$3 billion. What will industry's share of that be?

[Answer] We have requested that a portion of this sum be allocated for establishing an industrial bank. We have referred this matter to the finance ministers of the member nations of the GCC. Perhaps the establishment of this bank and its allocation of a portion of the aforementioned amount will benefit industrial investment. Establishment of a unified central industrial bank will help us attain balanced and coordinated industrialization.

[Question] Are there any specific industrial projects within the framework of the GCC on which work is currently underway?

[Answer] We are now in the process of drawing up a 20-year plan for aluminum, iron, cement and construction materials industries. This plan will take shape between 1982 and 1985, and represents the implementation of recommendations made by the ministers of planning in the GCC.

[Question] So in Bahrain you are now planning projects to supplement the aluminum industry and similar projects?

[Answer] Yes. These are called "downstream industries." Some examples are pots and pans, construction materials, warehouses, pipes, truck bodies, doors, windows and aluminum closets that are made from the sheets that come from rolling machines. We are considering manufacturing medicine containers. Industries such as these require a wider market than the Gulf countries alone; they need the whole Arab World.

9123

CSO: 4404/494

BRIEFS

BANK PROFITS UP--The National Commercial Bank of Bahrain paid a cash dividend of 1.2 Bahraini dinars (\$3.18) a share after profits rose from 338,000 dirhams (\$897,000) in 1980 to 794,000 dirhams (\$2.1 million) in 1981. According to the annual report the value of the bank's assets rose from 56.4 million dirhams (\$149.6 million) in 1980 to 80 million (\$212.3 million) in 1981. The value of shareholders' equity also rose from 5.2 million dirhams (\$13.8 million) to 5.5 million dirhams (\$14.6 million). Return on assets rose from 0.98 percent (excluding casual income) in 1980 to 1.2 percent in 1981. Return on shareholders' equity rose from 12.44 percent to 14.33 percent during the same period. [Text] [Paris AL-MUSTAQBAL in Arabic No 273, 15 May 82 p 43] 9123

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FOREIGN TRADE NATIONALIZATION LAW PUBLISHED

Tehran IRAN PRESS DIGEST in English 22 Jun 82 pp 13-16

[Text] Section (c) Joint Affairs of Centers

Article (11) All centers shall be considered legal entities, to be established and administered as a joint stock company affiliated with the Ministry of Commerce the entire stocks of which shall belong to government.

Article (12) The Centers general assemblies comprising of the Minister of Commerce as chairman, Minister of Economic Affairs and Finance, Director of Plan and Budget Organisation, Minister of Industries, Minister of Agriculture, Minister of Foreign Affairs and the Governor General of Central Bank of Iran to perform the duties assigned to them by this act.

Note 1. The Centers General Assembly shall also perform the duties of general assembly of each center.

Note 2. All general assembly members, including the Minister of Commerce, may appoint one of their deputies as fully authorised permanent representative to attend the general assembly meetings in emergency cases.

Article (13). The general policies and guidelines of centers shall be determined by the centers general assembly considering the policy and regulations set in article (2) of this act.

Article (14). Object of operations, centers amount of capital, and changes in any of these points shall be made when recommended by the Ministry of Commerce and approved by the Centers General Assembly.

Note: The Ministry of Commerce may establish new center(s) if necessary upon approval of the centers general assembly during the second year of establishment of each center in order to separate the subject of its operations.

Article (15) Arms products imported or exported by government military and police organisations, as well as natural gas, oil and its by-products imported or exported by Ministry of Oil and its subsidiaries shall not be covered by the operations of any of the centers.

Note. The Council of Ministers may assign the purchase and export of some of the goods covered by article (15) to Centers when necessary.

Article (16). A council called "The High Council of Purchase and Export Centers" shall be established to perform the following duties:

- (a) To develop coordination in centers affairs.
- (b) To look after the proper performance of centers executive affairs.
- (c) To issue operating circulars and instruction manuals to centers covering the general policies set by the centers general assembly and Ministry of Commerce.
- (d) To offer recommendations and advisory views to Centers General Assembly for adoption of resolutions.
- (e) Other duties assigned by this act and constitutions concerned.

Article (17). The High Council of Centers shall comprise of seven members as follows:

--Deputy Minister of Commerce as recommended by the minister and approved by the Centers General Assembly as chairman of council.

--Four active members recommended by the Minister of Commerce and approved by the Centers General Assembly.

--Two irregular members, deputies concerned of Ministry of Commerce as appointed by the Minister of Commerce.

The operating regulations of this council shall be included in the operating procedures of this act.

Note 1. The High Council of Centers shall have to invite at least two chairmen of the centers board of directors as consultants to their meetings.

Note 2. Active members of council shall be appointed for a term of two years and they may be reappointed for another term. Their removal from office prior to termination of their term shall be made when recommended by the Minister of Commerce and approved by the general assembly.

PART III--Overseas Representation Offices

Article 18. The Ministry of Commerce shall have to establish agency offices affiliated with that ministry in other countries if recommended by the High Council of Centers, confirmed by general assembly of centers, and approved by council of ministers to handle the following affairs.

Activities of such offices should be run with the knowledge and coordination of the embassy of the Iranian Islamic Republic in that country:

- (a) To coordinate the overseas commercial executive affairs.
- (b) To survey and evaluate the world markets and to collect the information required by centers.
- (c) Other affairs centers may assign on such offices in connection with their duties.

Note 1. Closure or liquidation of such offices shall be made when recommended by the Minister of Commerce, confirmed by the centers general assembly and approved by council of ministers. The operating regulations of establishment, closure, and or liquidation of such offices shall be made by the Ministry of Commerce and to be approved by council of ministers.

Note 2. The required budget for such offices shall be included in the annual budget of centers. These offices shall be subject to regulations of centers so far as the administration, personnel, financial, contractual and legal affairs are concerned.

Note 3. Agency offices managers shall be appointed by the Minister of Commerce.

PART IV--Commercial Services Companies

Article (19) Commercial Services companies hereinafter to be called summarily as "Company" shall be established to handle the following affairs in connection with goods covered by their operations.

- (a) To forecast and estimate the amount of requirements.
- (b) To book orders of public, co-operative and private sectors.
- (c) To place purchase orders from abroad with centers concerned.
- (d) To clear goods from customs.
- (e) To store and safekeep.
- (f) To make the primary major wholesale, distribution and delivery of the entire quantity of centers imported goods.
- (g) To co-operate, coordinate, and control over the primary major distribution of imported goods.
- (h) Coordination and supervision of the main and primary distribution of similar domestic products.

Article (20) Every company is a corporate body, formed and administered as a limited liability company, affiliated to the Ministry of Commerce and all its shares belonging to the government.

Article (21) The general assembly of the commercial services companies will consist of the Ministry of Commerce, as the president of the general assembly, the minister of economic affairs and finance, the head of the plan and budget organisation, the minister of industries, the minister of agriculture, the minister of roads and transportation, the minister responsible for Construction Jihad, the minister of mines and metals and the governor of the Bank Markazi of Iran.

Note 1: The general assembly of commercial services companies will perform the functions of the general assembly of each of the companies.

Note 2: With the exception of the minister of commerce, every member of the general assembly can nominate one of his deputies as his fully authorised representative to attend the general assembly in emergency cases.

Article (22) The ministry of commerce is dutybound to establish all companies, after their statutes have been approved within a maximum of four months after the approval of the executive regulations of this law.

Note 1: The subject of activities and the amount of capital of every company and changes in any of the cases will be subject to the suggestion of the minister of commerce and approval of the general assembly of the companies.

Note 2: During the second year after the establishment of every company and in order to separate the subject of these activities the ministry of commerce can, wherever necessary, establish new company(s) subject to the approval of the general assembly.

Article (23) The general policies of the companies will be determined by the general assembly of the companies, with due regards to the policy and regulations contained in article 2 of this law.

Article (24) A council called the high council of commercial services company will be formed to discharge the following duties.

- (a) Establishment of coordination in the affairs of the company.
- (b) Supervising the good performance of executive affairs of the companies.
- (c) Issuing executive circulars and instructions for companies based on the general policies that are determined by the general assembly of the companies and the ministry of commerce.
- (d) Presentation of proposals and advisory views to the general assembly of companies for decision making.
- (e) Other duties entrusted in this law and relevant statutes.

Article (25) The high council of companies will consist of seven members as follows:

--Deputy minister of commerce as chairman of the council at the suggestion of the minister and on approval of the general assembly of the company.

--Four salaried members, at the suggestion of the minister of commerce and approval of the general assembly of companies.

--Two unpaid members from the concerned deputies of the ministry of commerce, to be selected by the minister. (TO BE CONTD.)

CSO: 4600/620

GULF STATES 'ADVISED' TO CHANGE ATTITUDE 'BEFORE IT IS TOO LATE'

Tehran JOMHURI-YE ESLAMI in Persian 31 May 82 pp 1, 11

[Text] In the name of God, the Merciful, the Compassionate.

Sharon, Defense Minister for the Zionist regime, has again returned to the comedy stage where he has been stage manager for the Great Satan since last Khordad [22 May - 21 June] and taken up his disgraceful game. In an interview with the American network CBS he said some things that had been dictated by the CIA spy organization, saying that this American claim that Israel has sold the Islamic Republic of Iran a large quantity of weapons is incorrect because Israel has made an insignificant quantity of weapons available to Iran.

More than anything else these remarks show America's weakness in the area and the fear its bastard child Israel has of the Islamic republic's striking victories. In the month of Mordad [23 July - 22 August] of last year the Zionist world propaganda network began spreading extensive propaganda accusing the Islamic Republic of Iran of having secret relations with Israel, and they quickly threw up their hands and were unable to get anywhere with it. Since then every time America has seen its influence in the region about to diminish it has resorted to flogging this dead horse again, but each time has been more disgraceful than the last.

America has had aims in fabricating this huge lie, the most important of which are these:

1 - In view of America's signal defeat in the Camp David plan and the isolation of the condemned Sadat's regime in the Arab and Islamic worlds because of its complicity with Israel at Camp David, the Great Satan decided to try to implement another plan which on the one hand would have the qualities of Camp David and would assure the recognition of Israel, and on the other hand would not go unrealized as did the Camp David plan.

Accordingly it dictated a new plan to Prince Fahd, the real ruler of the Arabian peninsula, so that in view of the influence of the Saudi family in the Arab world and their financial backing which is connected to the oil wells of the Arabian peninsula it could be fully confident that this time it could attain its evil aims in the region with respect to giving legitimacy to the cancerous tumor of Zionism and spreading its political, military, and economic influence.

In order to do this it was necessary to adopt a strategy so that the Islamic Republic of Iran would not be able to stand in the way of expediting this plan. The Great Satan's strategy was to accuse the Islamic Republic of Iran of having secret relations with Israel so that on the one hand this government would be thrust before the eyes of the people of the region and on the other hand to confront the officials of the Islamic republic with a fait accompli and not give them an opportunity to express opposition to the Fahd plan, to do something so they would be caught in the position of having to defend themselves and would never have the courage to take a negative position on an issue such as the Fahd plan.

The truth is that these measures themselves are regarded as a great mischief, especially since, in addition to America, the Great Satan's allies in the area such as the Zionists and Saddam also helped to plant this rumor and they also used exiled political corpses such as Bani-Sadr and Rajavi and mobilized propaganda horns throughout the world in order to achieve this objective. The Islamic Republic of Iran's propaganda machine was unable to singlehandedly confront this extensive propaganda and this great mischief. It was necessary once again for God to perform a miracle and come to the aid of the friends of Islam as he did in the Tabas desert. God the beneficent did that very thing. The Imam's forceful and decisive remarks concerning the Fahd plan and the sum of his past in which he said "Israel must be eliminated" was so well backed by God that it penetrated the depths of the hearts of all the people of the region and settled in the souls and hearts of all Muslims. Not only did this decisive position completely frustrate the extensive propaganda of the huge horns of international arrogance to accuse the Islamic Republic of Iran of having secret relations with Israel, but with God's help even Fahd's shameful plan met with unimaginable defeat and it has no other place to go but the graveyard of history.

2 - Another of America's aims in accusing the Islamic Republic of Iran of having secret relations with Israel was to stop the influence of the divine revolution in the region by discrediting the Islamic revolution and to prepare the way for a political and military confrontation with the Islamic Republic of Iran.

Recent events at the Dome of the Rock mosque and the great demonstrations of the Muslim people of Palestine with the slogan 'God is great' have shown that the Great Satan's efforts have backfired in this area also. In order to implant this rumor in the minds of the people of the region America was also prepared to tell lies that branched out. For example, the Voice of America, and following it, the BBC and Radio Israel, announced the closing of the Palestinian embassy in Tehran as well as making other efforts of this nature in the manner of a beheaded chicken in order to reach their evil objectives. Yet despite these efforts, the influence of the Islamic revolution in the hearts of the people of the area grew day by day, drawing the Arab and Muslim worlds to a new plateau of love and interest for the Islamic revolution of Iran.

3 - Another of America's goals in fabricating this mischievous rumor was to make Saddam, who was making war on the Islamic Republic of Iran by order of the the CIA spy organization, look like an anti-Zionist to the Arab world by making the officials of the Islamic revolution look despicable, and thereby justify financial and military aid and political support for Saddam from the region's hand-picked regimes. America was hoping to pull down the government of the Islamic Republic with this war and to guarantee its own influence and that of its hand-picked regimes in the area.

With Saddam's historic defeat and the extraordinarily rapid growth of the Muslim nations and especially the Arab people, America now feels more than ever before that its influence in the region is declining and disappearing because not only has it failed to reach a single one of its goals, but in every area everything has gone contrary to the desires of this mother of corruption of the century. It is precisely because of this that these days once again the old CIA plot has been placed on the agenda of its political puppets. Mr Sharon, this professional Zionist, is again munching the vomit of his bosses in order on the one hand to continue the effort of the power-grabbers to discredit the Islamic revolution, which is now at the peak of its splendor in the region and even the world, and on the other hand to disinfect! stupid Saddam's stinking corpse, which cannot be washed with the waters of the great Shatt of Baghdad, however much he realizes that this is no more than the convulsions of a slaughtered animal.

It is not at all surprising that Sharon, his Zionist comrades, and his American bosses should take such stupid steps to save themselves from the hurricane of the Islamic revolution. What is regrettable however is that some of the region's dependent rulers are still trying to cling to the Great Satan's mischief by broadcasting Sharon's dictated interview on their radios. Shouldn't the region's rulers finally one day heed the kindly advice of the great leader of the Islamic revolution and extricate themselves from the perilous position America has placed them in? Haven't the region's rulers yet realized that the Islamic revolution of Iran is backed by God and that no power can stand against it? Haven't the region's rulers heard the exalted words of the Imam when he said "If you don't return to Islam today it will be too late tomorrow"? Don't the region's rulers fear the day when their nations will rise up against them and deliver them to the fate of the condemned Shah?

We don't envision such a day as being far away. For this reason once again we advise the region's rulers to return to Islam before it is too late and realize, as the Imam said, that "If you don't return to Islam today it will be too late tomorrow."

9310

CSO: 4640/337

'WAR MONGERING', PAPER SAYS, 'ONLY MIRACLE EXPECTED OF U.S.'

Tehran JOMHURI-YE ESLAMI 22 May 82 p 1, 11

[Text] In the Name of God, the Merciful, the Compassionate "America is not a miracle worker that can solve the world's problems, and it is unlikely to have a role of any kind to play in Iraq's war on Iran."

These words of Jean Kirkpatrick, American's U.N. representative besides being a clear admission of America's inflammatory role in Iraq's war on Iran, are also seen as an indication of America officials' despair regarding the war. With these words the American representative has herself admitted in the U.N. that Washington can no longer play a role in changing the situation at the battle fronts, as it has done in the past. The submission of military plans, intelligence assistance, making AWACS intelligence available, and encouraging the region's reactionary countries to support Iraq may have been reassuring, but in practice the firmness and steadfastness of the Islamic revolution in the face of these attacks have turned the tide in favor of our own forces. With regard of this a former American ambassador admitted in the Saudi court: "It was anticipated that Iraqi forces deep in Iranian territory would overthrow the Iranian Government, but what was expected did not take place." In order to clarify things it is not inappropriate if we now study the conditions under which Iraq's war with Iran started, and see whether American officials had this same belief at the beginning of the war and believed that America had performed a miracle.

The war began when the American spy nest had gone by the wayside under occupation by the Muslim students and America's pawns were being exposed one after another. Furthermore, the publication of spy nest documents was generating various reactions throughout the world, America's military assault in the Tabas desert had been defeated, and the economic embargo was not having much effect on the revolution.

When it became clear that the outcome of the war would not be determined in a few days, Carter, the president at the time, described the primary aim of the war as follows in an interview: "We hope that with the outbreak of this war the officials in Tehran will realize that Iran needs peace." What this means is that Washington officials expected that this war would at least diminish the Islamic revolution's hard line on regaining the people's lost rights and finally result in accommodation.

Up until now we have realized that if the Islamic revolution has gotten involved in a totally spurious war this has been directly in America's interests and will cause the Islamic revolution to be involved with the matter of the war and problems arising from it for some time. The experience of American military defeat in Vietnam and Tabas, however, necessitated a solution other than direct American involvement in order to precipitate a war on Iran's borders. With the start of Iraq's war on the Islamic revolution of Iran, although America this time at least on the surface was not in direct conflict with Iran, it had for practical purposes gotten Iran into a totality spurious war.

This phenomenon has produced other advantages for America:

1--The huge military budget needed to continue this war has come out of the pockets of the nations of the region and there is no need to procure this sum from America's military budget.

2--The countries of the region are faced off against each other in one sphere.

3--If America had mobilized an army directly against the Islamic revolution it would have been confronted with a huge international reaction and it would have incited Muslim public opinion against itself, but now the international propaganda network is trying to portray this as a regional conflict.

Now that it has been shown that the Baghdad regime launched the war on America's behalf it must be made clear with a trial of the agents of this war, who was active in creating this disturbance in the area. The nations of the area clearly have the right to know what support and what guarantees Saddam had when he started this war. Iraqi families clearly have the right to know what prompted Saddam to send their young men to the battle fronts to spill their blood on the ground. Muslims of the area clearly have the right to know who Jordan's Hossein, this criminal agent in the slaughter of 70,000 innocent Palestenians, has called to the field to incite flames. The poor and empty-handed Muslims of Saudi Arabia have the right to know why the Saudi rulers have given this country's colossal oil wealth over to plunder and why they invest it in opposition to the Islamic revolution of Iran. There is no doubt that Saudi Arabia's oil wells cannot be regarded as the inheritance of the joyriders and incompetents in the Saudi court. The Saudi court must tell a billion [sic] Muslims why it has drawn the region into war with Saudi Arabian petrodollars. Could the Baghdad regime have continued this bloodshed and crime without backing from the Saudi Arabian court? Isn't the Saudi Arabian court thus also implicated in Saddam's crimes?

Why must Saudi Arabia's petroleum revenue be used to pay the bills for America's political and military plans in the Middle East? Saudi Arabian oil wells belong to the poor and suffering people who are deprived of their most basic rights under the oppressive whips of the Saudi Arabian court.

It cannot be expected that the treasonous acts which have caused America's goals and views to be put into practice in this war should escape trial.

Those who seek a way to end the war from Washington's policy makers and expect miracles from them must realize, as they do realize very well, that only crimes and murder may be expected from the agents of America's war machine. War-mongering is the only miricle Washington has shown itself capable of so far.

With all this, there is only one foreseeable way to end this war, and that is nothing less than the overthrow of Saddam and the fulfillment of Iran's logical conditions, namely the securing of its borders, trial of the aggressor, and the payment of reparations. Naturally, any sort of effort to expand this war will only hurt the warmongers on the scene.

9310

CSO: 4640/326

CASE FOR IMPOSING ISLAMIC VEIL ON ALL WOMEN ARGUED

Tehran IRAN PRESS DIGEST in English 22 Jun 82 pp 19-20

[Text] Since the victory of the Islamic Revolution in February 1979, there has been a seasonal pressure each year (starting with the warm season which has its own temptations and also coincides with the Moslem Women's Day) to both encourage and force observance of Islamic Veil, a pressure which has so far succeeded in achieving most of its goals, step by step. This year, with the homogeneity and harmony the government enjoys (compared to a year ago), the pressure was even stronger.

In his message on the occasion of the Moslem Women's Day, Imam Khomeini referred to an "insignificant minority" of the women who still continued their foolish, ignorant acts (Jomhourī Islāmī, April 17). In a meeting held on this occasion in Tehran, a resolution was passed by women, an article of which said, "In accordance with the emphasis put by Islam on the veil, we consider our own personality, originality, and freedom dependent on its observance, announce that unveiledness is a tool in the hands of international oppression to debase and demoralise the Moslem women. We ask all Iranian women to observe Islamic laws, especially observance of the veil (Jomhourī Islāmī, April 17).

On the following day, one of the few women Majlis deputies, Mr. Dast-e-Qeib, addressed her "still wavering sisters" and asked them to abandon all their obstinacy and grudge and adjust themselves to Qoranic criteria. (Jomhourī Islāmī, April 19).

In the three-day seminar of "Islam's Approach to Women" also a resolution was passed with similar emphasis put on the veil (The bloody shrouding of our martyred sisters) and asking the IRI government urgently to generalise the veil's culture and extend it to all social levels." (Jomhourī Islāmī, April 20).

During the following days, the Revolutionary Public Prosecutor's office issued a decree prohibiting unveiled women from travelling by taxis. (Apparently the last "public place" they still entered). Ayatollah Moussavi Ardabili, head of the Supreme Court, said in an interview, "Women should observe Islamic veil of their own accord; however, there are some who are not of the sort, able to adjust themselves. Public chastity has to be maintained. Streets and shopping centers and public places should not be turned

into prostitution centers. Such women should not be allowed to create sensual, lust-exciting scenes in the streets, by demonstrating their hair, breast and so on" (Jomhouri Islamic, April 25).

Public pressure on the unveiled women who dared show up in the streets, considerably increased. Sometimes, groups of Hezbollahis (members of the Party of God) were heard chanting a slogan in the streets which literally means, "a shower of flowers on Jamaran (imam's residence), a shower of bullets on the unveiled". All the walls were covered anew with anti-unveiledness slogans, such as "down with the unveiled" (everywhere), "down with the procurer husbands of the unveiled who allow their wives' whoredom" (on some telephone kiosks at the intersection of Vali-e-Asr and Motahhari Streets) and "This is the last warning: we will soon annihilate all the unveiled" (on the walls facing the Northern gate of Saei Park). A woman Majlis Deputy said in Majlis that if the authorities executed a few of these unveiled women, the rest would learn how to behave themselves. But recently there have been indications that the authorities, although still emphasizing the observance of Islamic veil, are giving the signal for a slight change of policy. Hashemi Rafsanjani, Majlis Speaker, recently said in a televised interview that the Bill of Islamic Veil was not debated in Majlis because there need be no such bill or law, simply because it is too obvious that the Islamic Veil must be observed. He condemned the approach of the unveiled women in his Friday Prayers Sermon also, even if it were the approach of "Hezbollahi brothers". "According to Imam Khomeini's sentence" he said, "only the circle of the face and the two hands down the wrist can be left unveiled. We don't ask women to wear "chadors", Islamic veil does not necessarily mean "chador". On the other hand, there are some bad approaches that result from either ignorance or grudge. It is not right to write "Down with the unveiled" on the walls; this is not a good way to encourage the observance of the veil. Those who do not wear chadors should not be insulted. These acts will provide hatred. It is possible that it is the leftists and enemies of Islam who do so (i.e. write such slogans). Those who do not observe the veil will be prosecuted by law. The (religious) minorities also should observe the veil and should be treated with respect. We advise our friends here and warn our enemies to put an end to such Satanic mischiefs; the people will realise that it was they (the enemies) who propagandized such slogans and not the Hezbollahis". (Kayhan, May 29).

Ayatollah Rabbani Amlashi, the country's Prosecutor-General, expressed similar views in an exclusive interview given to Kayhan. "Wearing chador is not obligatory", he said, "only the appearance and dress should not excite lust in the observers. I advise the people not to take precedence over the law, or the official authorities. Keep in mind that our attractive force should be stronger than our repellent force, the first should be permanent while the latter only when necessary. Sometimes one says something somewhere while he refrains from saying the same, somewhere else, their being no favourable grounds there. If the official authorities remain silent in certain cases, we must know that certain interests have necessitated that". (Kayhan, May 20).

Rafsanjani's remarks in his Friday prayers sermon provided the motive for the daily "Ettela'at's" editorial staff to further expand the subject in their leading articles which appeared successively from May 29 to June 1. "One has to employ encouraging, positive methods rather than negating ones, in his approach to certain problems. Both methods of course may be necessary in some cases, but the important thing is recognising which one to give priority to. As for the veil, both methods are necessary but with two important conditions: 1. Priority must be given to the positive, encouraging method; 2. The negating method which involves punishment must be employed only by the legal authorities concerned and with due order and Islamic justice. For instance, in respect of the slogan "down with the unveiled", it is much preferred to begin with such slogans as "Long live the veiled" and "Long live the veil"...." (Ettela'at, May 31).

CSO: 4600/619

PAPER STRESSES 'WAR WILL CONTINUE UNTIL SADDAM'S OVERTHROW'

Tehran ETTELA'AT in Persian 6 Jun 82 pp 1, 2

[Text] Yesterday, once again, the hands of the Ba'thist criminals was stained with the blood of the innocent people of Ilam as the MIGs and the Mirage jets that Saddam has received from the so-called peace loving countries and supporters of "peaceful coexistence," such as the Soviet Union and France, dropped bombs and missiles on the heads of the marchers in Ilam. And so, another page was written in the crimes of Saddam and the other countries who help him in this war.

Saddam, this international criminal, continuing his miserable attempts to compensate for his scandalous defeat on the battle fronts of right against wrong, has once again transgressed the skies of Tehran, Hamadan, and Bakhtaran. Without a doubt, such Hitler-like actions of Saddam in the final days of his filthy life illustrate the depths of the tragedy which will befall the United States and the regional reactionaries after the downfall of the Ba'thist, Zionist government of Saddam. Such efforts will only postpone the promised moment.

The mercenary regime of Saddam takes these actions at a time when the great powers of the world and their puppets have been stunned by the great, astonishing victories of Iran and ask themselves nervously: Will Iran invade Iraq or will the Iranian forces stop as soon as they arrive at the international borders? The Western news agencies, newspapers, and publications as well as the small and large puppets of the West carry out such a propaganda campaign concerning this issue, publishing the so-called anxiety of their masters, as if Saddam's forces had not been in Iran for a full 20 months! As if it were not Saddam whose forces advanced 80 km into Khuzestan and nearly reached Ahvaz. The Eastern and Western propagandists and the leaders of the United States, the regional reactionaries, and the European countries have forgotten that every day, (frak) missiles destroyed the hearth and homes of the people of Dezful, Ahvaz, and Abadan and spilled the blood of innocent children and defenseless mothers. Truly, what is wrong with the world? Can shamelessness go so far? What is certain as

far as the Islamic Republic of Iran is concerned is the weakness and impotency of the Ba'thist regime of Iraq and the signs of "Saddam's" downfall. Undoubtedly, the pilots of the airplanes that flew over Tehran yesterday were not Iraq's, because Saddam's soldiers are no longer capable of such impudence and boldness. If they were capable of such actions, to be able to fly over Tehran, they would never have had to make a "tactical retreat"! They would never have had to run away towards their own borders, be captured troup by troup, or be sent to hell group by group. Yes, if Saddam's forces and pilots were capable of such boldness, they would not have allowed the fame of such an infamous person to be destroyed. Hence, we can easily say that if the airplanes were not Egyptian, undoubtedly, their pilots were those of the mercenary regime of Hosni Mubarak. (According to reliable sources, Egypt dispatched about 60 pilots to take part in Iraq's imposed war.)

Since this is the case, Saddam does not stop yelling in his last days, regularly has our forces under fire, and invades our country with the help of Egyptian pilots and advanced Soviet and French airplanes. With these actions, he shows that as long as this damned villain exists, there will never be peace between Iraq and Iran. We must ask: What is the duty of the Islamic forces? Should they sit by quietly and await the criminal actions of the tumbling regime of Saddam? Should they stop at the borders to make the United States and the Arab gentlemen happy?

We believe that as long as the United States is certain about keeping Saddam in power, the war will continue. The leadership of the Iraqi faction in this war is in the hands of the United States and Saudi Arabia. Undoubtedly, they wish to continue the war. However, they have mounted the horseshoe backwards. On the one hand, they are worried that a rapid attack by the Islamic forces will leave no Saddam for them to set against Iran. In this case, one of the regional reactionaries will be threatened to be overthrown. Hence, they begin to sound their bugles for peace and express their worry about the existing situation in the region. On the other hand, they give as much arms and equipment to Saddam as they can and encourage him to continue the war. Since Saddam feels a threat to the pride that he has never had, he is forced to accept the recommendation of his master. Although Saddam is aware of his own fate, on the one hand, he sheds crocodile tears for peace and regional stability and, on the other, he is encouraged by an international criminal to continue the aggression. This is the backward horseshoe that we referred to earlier. Once again, we repeat that the United States does not want the war to end. It wants war in the region in order to strengthen its basis in the Persian Gulf countries under the pretext of an unfounded threat by the Islamic Republic. The United States wants the war to continue to make its military

presence in the region appear legitimate and legal. The United States wants the war to continue so that the Islamic forces that have openly threatened the existence of the Zionist regime will be engaged in a war they do not want in order to enable the Zionist enemy to easily continue its aggressions. The United States wants the war to continue so that, according to its wishful thinking, the Islamic revolution will end up having to outstretch its hand to beg the West and U.S. imperialism for equipment and spare parts. And finally, the United States wants the war to continue to put the house of the reactionary Arab forces in order as soon as possible.

Meanwhile, Saddam is a plaything and instrument in the hands of the United States.

Through Saddam and the imposed war, the United States is trying to return Egypt to the Arab society. In other words, it will bring out into the open the secret relations of the reactionary Arab forces with the puppet regime of Egypt. The United States has much interest in the war. As we have frequently said, if its mind is set at ease in regards to Saddam, it will continue the war.

Once again, we ask the international society which is sounding the empty drums of peace: If you were in our place, what would you do? Why were you not worried about the regional situation over the period of 20 months that Saddam was in our country? You expressed your joy both openly and in secret and hoped that Saddam's forces would be able to destroy the Islamic revolution of Iran and overthrow the just Islamic government in Iran.

How was it that you witnessed the massacre in (Hovizeh) and and kept silent, yet you speak of the tragedy of the probable entry of the Iranian forces into Iraq and shed crocodile tears for peace?

How was it that as soon as brave Khorramshahr was liberated, your wounds were reopened and you began to speak, but before that you never cried out so for "peace under the Iranian conditions"?

We know everything. And rest assured that the nations we want to address also know everything.

Go and look in the most remote places in Africa. There, too, they call out the name of Imam Khomeyni with salutations. Therefore, do not imagine that with such actions you will stop us in our ultimate goal. For sure, if you had had the power, you would have kept the shah. If you had had the military capability, you would have been victorious in the Tabas invasion. And if you were sure of your policy, you would not have exposed yourself as you did in the spy nest. Hence, we are happy to

declare that we have tested you and seen that you are hollow drums and paper tigers.

Therefore, do not imagine that your shouts and screams and the flight of your Egyptian airplanes over Tehran or anywhere else in Iran will stop us in our ultimate goal. As we have declared many times, we are not greedy for even one inch of the territory of others. But, obviously, we will not allow you to take advantage of our good intentions to thereby keep Saddam, to return us after 20 months of war to the situation before the war, to strengthen Saddam and create the same situation all over again.

No, we will not be deceived. We will continue the war and, if necessary, we will enter Iraq, because the enemy is on our soil, because enemy fire is over the heads of our children, because the MIGs and Mirages of the Ba'thist regime continue to spill the blood of our women and children, and because we want retribution for the war damages.

To continue the war until the overthrow of Saddam is our duty, because we have a godly responsibility before the Muslim people of Iraq.

Yes, we will continue the war in order to silence the shouts of Saddam, to strangle the drunken shouts of the United States, and to come to the rescue of the oppressed people of Iraq.

Yes, we will continue the war even though we do not have our eyes set on one inch of Iraq or any other country, and we are even prepared to defend the independence of the countries of the Persian Gulf against the increasing threats of the United States and other reactionaries.

We warn the reactionary regimes of the region and at the forefront, the infamous government of the Saudi family, not to play with fire so freely and not to be the bondservant of the United States. With what power do you issue a decree of holy war against Iran? With those princes who entertain various international prostitutes in their harems? Or do your threats rely on the lethargic soldiers and officers who cannot even stand up for a few days against our martyrdom-seeking combatants?

Therefore, the world must realize that while Saddam and the Ba'thist regime are in power, we will continue the war. If necessary, we will even enter Iraq, as Iraq has been on our land for 20 months. As brother Khamene'i, the president, said, although we consider the security of the Persian Gulf important, we will never allow interference. The United States, Saudi Arabia, and other powers must be alert not to make a mistake because we will rub their noses into the ground. We are a nation that has tested and lived with an economy without oil for three

years. We have been fighting without it for two years. But what will those whose "entire being depends on oil wells and whose very soul is the Straits of Hormuz" do?

Stop all the screaming. You have done all that you wanted to do and were capable of doing. Now it is our turn.

Let the clerics of the Saudi court issue decrees against "Khomeyni's Islam." But, have no fear, such a decree cannot be any more effective than the decree of Sharih the Judge. Again, to quote brother Khamene'i: "Who are those holy fighters who issue decrees against the Islamic Republic, the Rapid Deployment Force?" Then, let them come and try their luck.

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CSO: 4640/352

REZA PAHLAVI ADVISED NOT TO FOLLOW FATHER'S EXAMPLE

Vienna MOWJ in Persian 15 May 82 pp 6-7

[Text] Three years have passed since all the social, political, economic, and military systems of Iran turned upside down, three years coupled with the slaughter of patriots and all other opponents of the monopolizing, autocratic regime of the clergy.

Three years which have resulted in the downfall of the economy, the destruction of the international prestige of Iran, the unfortunate war between Iran and Iraq, the bloodbath of 100,000 of the youth of the country, the homelessness of 2 million Iranians in the country and 2 million of those who are dissatisfied and have left the homeland, and the tens of thousands who have been mamed.

Three years in which the ancient Iranian culture has been invaded by worshippers of foreigners, three years which have included the oppression and suppression of the enslaved people of Iran. Three years which began in blood and ended in the blood of the Iranian youth. And finally, the jewels and priceless objects of the national treasury were sold on the world markets by the miserable dealers of the regime; the plundered ancient national Iranian wealth was auctioned off by these wet nurses who appear to be more loving than a mother; and the true spiritual leadership, a person such as Ayatollah Kazem Shari'atmadari, was most unjustly and dishonestly attacked by a lumpen handful of criminals.

During these three years, all those who claimed to be able to rescue Iran publicized their communiques and held television interviews. They spoke to the plundered and enslaved people of Iran through the radio transmitters which had been put at their disposal. They sympathized with them and blackened much blank paper with promises.

These claimers established not one but many offices in Paris, gathered together a number of their acquaintances, friends, and former colleagues and paid them monthly salaries to be their loudspeakers among the Iranian society. They repeated the same

past actions in their offices and occasionally provided other Iranians, who are faced with many difficulties, with their messages.

These gentlemen think that the way for political and patriotic struggle is through communiques, interviews, gatherings, and private compromises. They regularly provide their former colleagues as propagandists of their way. Not only do they fail to offer any belief or faith, but the actions and deeds carried out by their agents in the cities of Europe and the United States have, in fact, destroyed belief and faith.

Basically, these claimers, supported by billions of dollars which have been stolen from the pockets of the Iranian people and which they now have at their disposal, have the audacity to speak to the Iranian people and call them to an uprising on their behalf.

How could those who ran away from nationalism in the past claim to be nationalists today?

If they are patriotic and nationalistic, why are they still as monopolistic as before?

Gentlemen, we say to you that the first condition for being a nationalist is to consider the national and public interests of the Iranian people more important than your own personal interests. Have you been so from the beginning of your lives? You are following the same old master-peasant relationship.

Here, we are addressing Prince Reza Pahlavi: You might be an Iranian, but thusfar, you have not shown that you really want to be a nationalist.

You have inherited billions of dollars of your father's wealth. Thusfar, what move have you made to help the struggling Iranians inside or outside the country?

What have you done for the tens of thousands of Iranian students whose money has been cut off because they have opposed the regime and who live in difficulty without any financial resources? Have you intended to use this great wealth of yours for the social welfare of this force which has been driven away from the country? In your New Year message you say, "We young people have a great mission." As a young billionaire, how could you dare to call on the thousands of Iranian youth who do not even have their daily living expenses to support you and remind them of their great mission?

Instead of working on the series of vital tasks which must be done, you send various photographs of yourself around the world. Your picture will neither solve any problem nor will it bring you

to victory. Such actions are the result of the flattery of those who used to be around your father.

Do you think that the Iranian people do not know what kind of money is being thrown away by you and those around you? At the present time, as before, your flattering functionaries have arranged New Year banquets for you with individuals and groups of the Iranian people abroad. And under the pretext of demonstrating the unity of all the national forces with various titles, you hold feasts in the hotels of Europe and the United States to dance and make merry. No, you cannot gather the national forces through such puppet shows, which are far more harmful and damaging than they are beneficial. The unity of the national forces cannot materialize in hotels, dance halls, and bars. How could your misguided supporters allow themselves to hold feasts and to dance merrily when our country is drowning in the sorrow of the loss of its dear youth who have been captured and killed on the battlefields group by group in defense of their country?

Iran cannot be liberated from the monopolists and religious extremists who have taken over the affairs of the land of the brave with their religious zeal, and who have connections with similar organizations in foreign countries, with such childish and playful actions as that of those around you.

If you are really working to liberate Iran, first you must give up the billions of dollars and stretch your hand out towards the men and women who are armed with national faith, self-sacrifice, and bravery. You should not allow, as in the past, middlemen, opportunists, profiteers, professional politicians, and a handful of liars, flatterers, cowards, and foreign spies, who are not worthy of a red cent, to gather around you.

The directors of plundering companies, who plundered the national wealth in the Plan and Budget Organization through wheeling and dealing in the past, and the party-players, who forged for your father the Mardom Party, Mellion-e Iran, the Iran Novin Party, and Rastakhiz as national parties and attained position and prestige not to mention wealth as masters and ambassadors, are neither competent to liberate Iran nor are they courageous enough to stand up against the enemies of Iran. Mr Reza Pahlavi, your father's ambassadors, who played no other role but that of being the puppets and servants of foreigners, cannot serve as constructive figures for you or the Iranian nation.

The treacherous leaders of the Iranian army neither have a place among the Iranian people nor are they able to take the responsibility to liberate Iran. Do not deceive yourself!

You surely lack good, patriotic advisors and you have come to the field of battle with the same old, worn out weapon, the dull sword, and the possibility of your victory is very remote.

In your New Year message addressing the Iranian people, you said, "I consider myself your partner wherever I am." This partnership is rather one-sided. Which is to say, all the shares belong to you and the Iranian people have none. With this inequality between you and the Iranian people, you cannot serve as a good partner for them.

The Iranian people want a partner who will be equal in all respects.

In another part of your New Year message you said, "It is possible that some of you, because you are not regularly informed of my activities, feel that you are in a psychological vacuum, worried, and have even lost hope." Essentially, what activities have you been involved in that the Iranian people should know about? Why should you make only secret international efforts to be broadcast by foreign radios such as the BBC and Israeli and American radios? And why should your offices not be active in informing the Iranians inside and outside the country? Unfortunately, most of your activities take place in a vacuum.

With the exception of a number of fossils from the past with whom you are in constant contact, you have no relationship, or you do not want to have contact, with other Iranians, who are struggling. Therefore, with these ideas, the true Iranian people and the liberation fighters do not want to have anything to do with you. This is the vacuum that you personally have felt.

Fighting, with pen or hand, with a regime that has taken over the country for more than three years is not possible with merely your political efforts on the international level or with the agreements of the superpowers. Fighting a regime that enjoys all the financial, propaganda, and human resources at home and abroad is impossible without a fundamental, strong organization, organized and faithful manpower, and financial resources for millions of Iranians who are dissatisfied with the present government. The struggle which is before our nation must receive its energy from solid, decisive, active, and self-sacrificing support. Blindly sending messages and encouraging the people toward resistance and a military and political movement will not prove fruitful.

The national struggle of the patriots requires strong, organized logistics. Some of those who pretend to support you are cowardly, vile, stupid, opportunistic, and chameleon-like elements. (Of course, there are also informed and patriotic people to be found among the monarchists.) Since they themselves

lack intellect and moral integrity and hope to regain their personalities through the reestablishment of the monarchy, they gather around you like parasites to catch your leftover crumbs and bask in the glories of power. Neither can a nation be forced to accept such parasites of the society nor will the Iranian people accept these miserable wretches. And neither would they have the courage to stand up against the Iranian people. You cannot play an essential role in the future of Iran with such traitors as Dr Ehsan Naraqi, the dean of the sociology faculty of Tehran [University]; Hormoz Farhat; Dr Seyyed Hoseyn Nasr (the philosopher to the court); Dr Hushang Nahavandi, the chancellor of Tehran University and jack-of-all-trades of the court, who were the members of the Rome club [kolub-e rom] and who played an essential role in the downfall of Iran.

You cannot face the Iranian people or step on Iranian soil flanked by the same people who were around your father, their children, or the corrupt SAVAK elements (double agents) who are around you.

You are very young and inexperienced. Some of your supporters are the puppets of the intelligence organizations of the superpowers or their servants.

No, with these decayed ropes, you will not be able to reach the summit of victory. We believe that only as an Iranian can you join the nationalist ranks of Iran, provided that you sever your ties with all those around you who are not true patriots and join the true patriots. Those who have called you Reza Shah the Second do not do so for your sake. They do it for the billions of dollars that you now have in your pocket. These parasites are not fond of you or of Iran. They are the same kind of traitors as the Jamshid Amuzgars, Hoseyn Fardusts, Qarehbaqis, Hoveydas, Nikkhs, Ja'faris, Dr Majidis, Qaribs, Sams, and the hundreds more of this kind of garbage. If you continue in this manner, we cannot approve of your actions and deeds in these dark days of the Iranian people. Your money is spent on parties, dancing, and singing in Europe and the United States.

Mr Prince Reza Pahlavi, the solution for Iran is only in the establishment and victory of a nationalist Iranian regime and an independent, national government which is based on this regime. The people of Iran must return to their original Iranian nationality and identity. Iran must form a constitution under which it can pursue its ancient historical culture. We will present this constitution to the Iranian people after the victory over the usurpers of the Iranian rights, the time for which we cannot declare presently. It is the clear and inalienable right of the Iranian people to determine the form of their future government within a framework of a nationalist system and nothing else.

Once again, we address you as an Iranian and ask you to break all your ties with your opportunist and misguided supporters and offer your life and property to the liberation of Iran.

We most certainly value the leaders, officers, soldiers, men, and women who have remained pure and proud and who have stood up for Iran and will rush to her aid.

If you share the same thoughts, you will have found a way to victory.

We will speak to you again.

9593

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IRAQI FOREIGN MINISTER DISCUSSES IRAQI-IRANIAN CONFLICT

London AL-MAJALLAH in Arabic No 119, 22-28 May 82 pp 19-20

[Interview with Iraqi Foreign Minister Sa'dun Hammadi by AL-MAJALLAH;
date and place not specified]

[Text] After the arrival of Iraqi Foreign Minister Dr Sa'dun Hammadi in Morocco to chair his country's delegation at the 6th session of the Jerusalem Committee was announced, it was clear that the Iraqi-Iranian struggle, which had undergone feverish development, would take up most of the committee's agenda and the incidental meetings between the participating delegations.

When King Hassan II opened the meetings of the committee, it was certain that the 6th session would be the Iraqi-Iranian struggle session. The Moroccan ruler mentioned the need for the Jerusalem Committee to deal with this struggle without such dealing coming at the expense of the Islami Good Offices Committee, which sprang from the Ta'if summit conference and is chaired by the Guinean president Ahmad Sekou Toure. Among the committee members are Pakistan and the PLO in addition to the secretary general of the Islamic Conference Organization.

The fact is the Moroccan ruler wanted to strengthen the role of the Islamic Good Offices Committee instead of ignoring it. That was obvious from his sending a Moroccan representative, while the committee was still meeting in Conakry, capital of Guinea, to learn President Sekou Toure's opinion of the new mission of the Jerusalem Committee. Although it is still not known what the Moroccan minister of information brought to Conakry in the way of proposals or what opinions he transmitted in this hasty visit of no more than a few hours, informed circles told AL-MAJALLAH the mission was successful.

Similarly, the visit of the secretary general of the Islamic Conference Organization Monday 10 May to the Guinean capital and his return to Morocco to meet with the king was in the context of "strengthening the efforts of the Islamic Good Offices Committee" on the part of the Jerusalem Committee.

Observers noted that the second party concerned with the new role of the Jerusalem Committee was not present in Ifran [sic] and, consequently, the question was raised of how the Jerusalem Committee can play a successful role while Iran, a member of the committee, did not attend its meetings.

AL-MAJALLAH raised the same question in a special meeting with Dr Sa'dun Hammadi, Iraqi Foreign Minister. His answer was as follows: "The Jerusalem Committee will not be successful because Iran is known for its negative attitudes. But it was not present at the Islamic summit meeting in Ta'if and the conference made its well-known decision to form the Islami Good Offices Committee. However, Iran subsequently received this committee. Did it receive the committee willingly or out of necessity? This is a matter that concerns Iran, but it did receive the committee, which was able to carry out its work between the two countries. Likewise, Iran did not attend the Islamic Conference in Baghdad. The conference was interested in the Iraqi-Iranian struggle and it made decisions in connection with it. I do not believe the mere absence of the Iranians means that nothing useful can be accomplished. Fifteen states are members of the Jerusalem Committee and they were chosen unanimously by the conference. If Iran wants to refuse the wishes of 15 Muslim states chosen by the Islamic Conference and adopt a negative attitude toward them, it will have to bear the responsibility for such behavior."

The Committee Starts Moving

However, the activity of the Jerusalem Committee within the context of new mediation or to strengthen the previous mediation is a matter that undoubtedly requires a framework different from what (previously) prevailed, observers believe. Despite the fact that nothing has leaked out about the framework that the Jerusalem Committee will use in its new activity, reports have circulated here to the effect that Iraq has shown "flexibility" in agreeing to put an end to the struggle. When AL-MAJALLAH presented these considerations to Dr Hammadi, he said:

[Answer] Iraq's position is principled and firm. We only talk about ways and means that can lead to an end of the struggle with both countries retaining their legitimate rights. I mean Iraq's legitimate rights and Iran's rights. If there is any flexibility, it is in the choice of methods. We are open to and prepared for any initiative and any idea and for any new attempt at finding ways to achieve it (i.e., end of the war). The war cannot end without preserving the rights of both parties. The war started for (certain) causes and the war must end by eliminating those causes. Otherwise, it will break out again. We are for peace, not a truce. We are ready, therefore, to study any new or old proposals. We are not concerned with the form or style of the proposals, but basically they must be serious proposals and effective in eliminating the causes that led to the war.

Observers who have followed the actions of the Jerusalem Committee noted an important matter that finds expression in the fact that the committee's session will be followed by King Hasan II's visit to Washington. The United States is undoubtedly playing "some role" in the Iraqi-Iranian struggle. And according to what Dr Sa'dun Hammadi told AL-MAJALLAH, "Iran has doubts about American attitudes toward the struggle." The reason for Iraq's doubts is that Baghdad believes Iran is fighting with American weapons that reach it through a third party, and Israel appears to be one of the most important of these conduits. If any mediation requires pressure to guarantee its success, these factors can be provided in some way by Washington if during

his visit there King Hassan is able to persuade the Americans to help the mediation effort of the Jerusalem Committee which he heads. It was observed in this connection that the final statement of the Jerusalem Committee did not venture to condemn or criticize the American position. This is what the Palestinian delegation insisted on, according to AL-MAJALLAH's information, especially after the American veto in the Security council (of the resolution condemning) the attack on al-Aqsa mosque.

The Algerian Mediation

On the other hand, while the Jerusalem Committee was meeting, a plane carrying Algerian Foreign Minister Muhammad al-Sadiq b. Yahya was downed in Iranian territory near the Turkish borders. This resulted in the death of the foreign minister and a number of important officials in his ministry. AL-MAJALLAH availed itself of the opportunity presented by its meeting with Dr Hammadi to ask for an explanation of the background of the incident.

[Question] No official Iraqi confirmation has as yet been issued concerning Algerian mediation of the struggle. Did Algeria actually try to stop the war? What are the considerations behind this mediation?

[Answer] The late Algerian foreign minister visited Iraq a little while before the plane incident. He met with President Saddam Husayn and they talked about the Iraqi-Iranian war. The war was the main purpose of the Algerian foreign minister's visit. Algeria showed its readiness to do something positive to end the war, and Iraq agreed to that. President Husayn explained Iraq's willingness to accept any positive initiative. There was no discussion about the details, but there was a discussion about the intention and desire to do something about the Iraqi-Iranian war.

[Question] Algeria announced it would mediate between Iraq and Iran on the basis of the 1975 agreement.

[Answer] The Algerian foreign minister did not say that (he intended to use this agreement as a basis).

[Question] I said Algeria, not the foreign minister personally.

[Answer] We explained on every occasion that the 1975 agreement imposed war upon Iraq. Iran nullified it by its behavior and its words. It did not calculate the nature of the impact. This matter was made clear to all the authorities who discussed the subject with Iran.

[Question] Iran said Iraq downed the Algerian foreign minister's plane. What is your comment on that?

[Answer] The reason why Iraq did not comment on the Iranian charges is that they had collapsed to the point where they did not deserve a reply. This statement (by the Iranians) is unacceptable by any logic or on any basis. It is an attempt to sow dissension between two Arab countries. We believe it will have no effect. We got in touch with our brothers in

Algeria on the matter and explained everything to them. They asked for nothing else from us.

[Question] Can this be regarded as proof they were persuaded by Iraq's explanations?

[Answer] Yes. We gave them the necessary explanations.

[Question] Iraqi-Syrian relations have recently deteriorated. There have been reports of Gulf intervention to reconcile Iraq and Syria. Have these efforts made any progress? And how do you see future relations between the two countries in the light of recent developments?

[Answer] We heard what you are saying from the media. We were not informed of the existence of mediation in this matter. We know the Arab Gulf states are upset and grumbling about Syria's behavior. But we do not know anything about mediation except what we get from the media.

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MANAKH FINANCIAL MARKET ACTIVITY DISCUSSED

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 38, May 82 pp 24-26

[Article prepared by the Research Division of AL-IQTISAD WA AL-A'MAL:
"Which Direction Is the Manakh Market Headed?"]

[Text] The Problem: In the Next Few Months Payment Will
Be Due for 3.5 Billion Dinars Worth of Postdated Checks.

The Question: Will All the Capital Be Provided?
Is It True That the Anticipated Decrease in Expenditures,
Consequent Lack of Liquid Assets, and Trend on the
Part of the Banks Toward a Stricter Policy May Threaten
the Financial Situation of Some Speculators?

In 1977 The Government Was Able to Put an Emerging Stock
Exchange on Its Feet by Means of Spending 167 Million
Dinars.

How Is It Possible to Float a Market With About 10.7
Billion Dinars of Postdated Checks?

In Spite of [Their] Apprehensions, Buyers and Sellers
Have Become More Mature and Experienced, and Banks Have
Become More Cautious Since 1977.

Most Spectulators Have Programmed the Dates Their Payments
Are Due So That They Can Avoid a Sudden Liquidity Crisis.

During the next 8 months of this year, those people dealing in deferred sale
contracts in the Manakh market in Kuwait will have to come up with the money
to make the payments for approximately 3.5 billion Kuwaiti dinars worth of
contracts in addition to "premiums" estimated at about 1.225 billion Kuwaiti
dinars, that is, a total of 4.725 billion Kuwaiti dinars.

The question to be asked here is, are the necessary funds available to
finance these contracts as they were available previously, especially with the
banks becoming stricter in their loan policies? In other words, will all of
the people dabbling in the stock market, whether on a small scale or on a

large scale, be able to safely swim to the shore of 1983? And if any mishap occurs, will the government in fact be able to "float" The market?

Many questions are being asked, and they involve many possibilities. Also, the answers to these questions are many, and there is ample room for conjecture. Recently publications of international repute such as the WALL STREET JOURNAL, FINANCIAL TIMES, and HERALD TRIBUNE have "plunged into" being involved in this conjecture.

This article is a quiet and academic attempt to investigate the Manakh market's situation and the probable course of its development during the next 8 months--months which will really be a test of the market.

The Manakh market in Kuwait has acquired a broad reputation both regionally and internationally speaking since it is a stock exchange where it is possible to earn big profits in a short period of time by means of trading in the shares of companies which have either only very recently been established or which are still in the stage of being registered. The Manakh market has become a favorite source of entertainment for numerous Kuwaitis, citizens from other Gulf nations, and others who are dealing in the market under the sponsorship of Kuwaiti names. This market's reputation became worldwide when many international publications with wide distributions began publishing articles and stories about the market, about how it was possible for speculators to earn huge profits in a short period of time, and about how many transactions took place concerning the shares of companies which were still companies only on paper and had not actually come into existence. In view of the fact that the market was dominated by feverish speculation, some of the foreign newspapers considered it like a balloon which had been blown up and was ready to explode and collapse at any moment. The fact is that, regardless of how true these foreign newspapers were in their analyses of the Manakh market and regardless of the motives which they had for making these analyses, one could say that the Manakh market is a unique phenomenon. Certainly one should ask oneself whether or not this market is a natural and coherent one or whether it is subject to the danger of collapsing at any moment.

Birth of the Manakh Market

As we know, the Manakh market began as a stock exchange for trading in the shares of joint stock corporations, most of which were founded by Kuwaiti citizens and most of whose shares were owned by them. These companies were registered in Gulf countries, especially Bahrain and the UAE. The activities of this market began to greatly increase in May of 1981 due to a series of both international and local factors. The international capital market was experiencing a phase in which the interest rates on Eurodollars were decreasing and it was still unclear what the trends of the other currencies were going to be. As for the local situation, the market had abundant liquid assets. This was true at a time when a new minister of finance, Mr 'Abd al-Latif al-Hamad, was appointed, and some financial circles considered this to be a positive indicator of a reason for having more confidence in the Kuwaiti financial market and the horizons for its development. In view of the scarcity

of investment opportunities in the local market, many investors who had abundant surpluses of capital began to direct their attention and interest to the stock market. At first, this attention and interest involved the official stock exchange. However, these people gradually became more interested in the Manakh market, which was a market parallel to the official stock exchange, because the prices of most of the shares circulating in the Manakh market were low. Of course, the objective of these investors was to find great opportunities to speculate and to earn rapid profits by trading in shares. These are opportunities which were relatively scarce in the other, more traditional spheres of investment.

Reasons for the Boom in the Stock Market

A number of factors were responsible for the boom in the stock market, of which the following were especially important:

1. Increasing use made of deferred sale transactions. In this type of transaction, the shares are transferred immediately from the shareowner to the person buying the shares, but the fee for the shares is paid by means of a postdated check, which means that payment of the fee actually becomes due at a given later date. The price to be paid is determined on the basis of the value of the share circulating in the market. In addition to this, a premium must be paid which represents the interest on the fee, the payment of which is deferred, and there are perhaps also expectations that the price of the share will go up and reach a certain level by the time that payment for the share is due. This premium ranges between 20 percent and 200 percent annual interest. In view of the fact that deferred sale transactions of this type (that is, signing postdated checks) are not legally valid, the factor of trust between the buyer and seller becomes the basis for engaging in the transaction.
2. Another reason for the Manakh market experiencing a boom has been the surplus liquid capital in the local market, especially the capital which was a result of the fact that commercial banks increased their loans to the private sector to the tune of 30 percent in 1981. Most of this increase took place during the second half of the year.
3. The increase in liquidity which has been the result of government expenditures, especially expenditures made to acquire real estate and to finance some other development programs.
4. The occurrence of significant cash inflows from abroad--both Kuwaiti capital which had previously left the country and was being returned and new inflows of capital from Saudi Arabia and the other Gulf nations which were meant to be invested in the Kuwaiti market.
5. Increasing use made of the facilities of the offshore banking units in Bahrain, both in the form of loans and in the form of discounted checks.

The Value and Maturity Date Schedule of Deferred Sale Contracts

One could say that the development of the Kuwait Stock Exchange during 1981 and the first 4 months of 1982 was a natural development, although there were some ups and downs both in the market activity and in the prices. But it has been noted that more and more deferred sale contracts are being concluded every day in the Manakh market. Although so far no instances of delay in payment have occurred concerning transactions and contracts concluded previously, market observers are very preoccupied with what might occur starting next May and June as well as during the last 4 months of 1982. These are the times when the maturity dates occur for a great many of the one-year deferred sale contracts which were concluded during 1981.

It is difficult to give an accurate assessment of the total volume of deferred sale contracts concluded in the official stock exchange and the Manakh market, in view of the unregulated nature of the Manakh market. However, the total value of these contracts has been estimated at between 7 and 15 billion Kuwaiti dinars. If we add the statistics which have been published by the Ministry of Commerce concerning the official stock exchange to what the newspapers publish every day concerning the activities of the Manakh market, then we can conclude that the value of the deferred sale contracts which are expected to mature during the next 8 months of 1982 may approach the figure of 3.5 billion Kuwaiti dinars. This is in addition to contracts worth nearly 3.9 billion Kuwaiti dinars which are expected to mature in 1983 and about 1.52 billion Kuwaiti dinars worth of contracts expected to mature in 1984. (See Table 1.)

Weak Points: Is the "Critical Period" Approaching?

There is no doubt that the next 8 months of 1982 will be of great significance and consequence concerning making a judgment about the credibility of the stock market in Kuwait and its ability to survive and grow. The reasons for this are as follows:

1. This is the first time in the history of the Kuwait Stock Exchange that contracts worth about 3.5 billion Kuwaiti dinars will mature during a very short space of time.
2. There are doubts about the way in which the premiums can be financed. The premiums are the differences between the prices of the shares when the transactions are made and the prices which must be paid for the shares at their maturity dates. These differences range between 20 percent and 200 percent.

If we assume that the premiums for most of the contracts are an average of 35 percent, then the premiums for deferred sale contracts expected to mature in 1982, the value of which amounts to about 3.5 billion Kuwaiti dinars, will be in the range of 1.225 billion Kuwaiti dinars.

3. If the deferred sale contract fees are paid, then somebody will have to finance the above-mentioned premiums either by means of additional capital

brought into the market or by means of new deferred sale contracts involving ever higher premiums.

4. Such new capital could come from three principal sources--loans granted by commercial banks, government expenditures on the local economy, and inflows of capital from abroad.

At present, there is enough evidence to state that these three sources of capital are not as easily available as they used to be, nor are they available in the volume hoped for.

5. There are many indications that the commercial banks in Kuwait, after following a policy of expansion in credit operations during 1981, are now oriented toward a stricter policy, especially with regard to loans which could be utilized to finance deferred sale transactions in the stock market. If the banks do follow this new policy, untold pressure will be exerted on many of the speculators who did not do a good job of scheduling the maturity dates of their deferred sale contracts which they concluded last year in a climate of abundant liquidity. The crucial nature of this factor is heightened by the fact that most of these speculators actually borrowed the maximum amounts made available to them by the commercial banks.

6. Probably the government cannot be relied on to make expenditures either to maintain a level of liquidity which will be as high as it was in 1981 in the market, or to float the market as was done in 1977 when share prices fell rapidly. The reason for this is that the capital necessary this time to float the market will be in the range of billions of dinars--as compared with 160 million Kuwaiti dinars which was necessary in 1977. The government has been careful to state publicly that the decrease in oil revenues will make it necessary to put into practice austerity measures which might lead to delaying numerous development projects as well as non-essential expenditures.

7. There remain the inflows of capital from abroad as a possible source of liquidity. Although some capital has come in from abroad for the purpose of being utilized to speculate on shares in the stock market, it is not possible to rely on this source as a stable factor and as a guaranteed source of capital. These inflows of capital represent "floating" or "hot" capital which could leave the country as rapidly as it came into it, especially if there is decreasing confidence in the market or if the situation becomes more unstable in neighboring countries.

Strong Points

Now let us look at the reverse side of the coin, since a matter always has to be viewed from both sides in order that one form a balanced idea of the problem at hand. The pessimistic expectations mentioned above should not be stated unless they are stated in the context of a series of facts which, on the whole, demonstrate the aspect of strength which is present in the Kuwaiti financial market. They are as follows:

1. Perhaps the volume of the deferred sale contracts has been exaggerated and inflated. Many of those trading in the market assure us that many of these swap transactions actually amount to a single swap transaction in which an exchange is rapidly made from one person to another, and they say that the net balance of the postdated checks, after the completion of the transactions of receipt [of the payments], may not amount to [even] 15 to 20 percent of the total value of the postdated checks.
2. The level of internal development and maturity of the Kuwaiti stock market in 1982 is much higher than it was in 1977.. This market now has a broader base of experienced investors and investment establishments which have expert personnel and a broad base of capital.
3. The great majority if the investors are also fully aware of the risks involved, and they have carefully scheduled their maturity dates in order to avoid the possibility of being beset by liquidity problems.
4. Most of the commercial banks refuse to discount postdated checks without obtaining additional guarantees constituting 200 percent of the value of such checks--in the form of first-rate financial assets or real estate mortgages.
5. So far there have been no stated cases of late payments in connection with deferred share sales involving contracts which matured in 1981 or during the first quarter of 1982.

Summary

By way of summary one may say that the stock market in Kuwait, during the next 8 months, will be undergoing a test which certainly will, in fact, determine the credibility of this market and the extent of the soundness of the foundations on which it is based. So far developments indicate that the market is growing and developing on natural foundations, especially in view of the fact that it is continually being monitored by the monetary and financial [government] authorities and due to the fact that the financial establishments operating in the market are exercising self-discipline. Until this period of testing has been gone through and things have been sorted out, there is little more that can be said. The final word that is said about this matter will be said on the basis of what actually happens. In saying this, we are naturally assuming that no unexpected outside developments will occur. In any case, we must wait and see how things turn out.

Table 1. Maturity Date Schedule of Deferred Sale Transactions
(in millions of Kuwaiti dinars)

| <u>Date</u> <u>1982</u> | <u>(Official) Kuwait</u> <u>Stock Exchange</u> | <u>Manakh</u> <u>market</u> | <u>Total</u> |
|----------------------------|---|--------------------------------|--------------|
| May | 190 | 80 | 270 |
| June | 170 | 220 | 390 |
| July | 150 | 140 | 290 |
| August | 45 | 170 | 215 |
| September | 240 | 260 | 500 |
| October | 235 | 380 | 615 |
| November | 120 | 290 | 410 |
| December | 380 | 430 | 810 |
| 1982 total | 1,530 | 1,970 | 3,500 |
| 1983 | 1,600 | 2,300 | 3,900 |
| 1984 | 220 | 1,300 | 1,520 |
| Sum total | 3,350 | 5,570 | 8,920 |

9468

CSO: 4404/480

EVENTS SURROUNDING DEATH OF KHALID REVIEWED

Paris AL-MUSTAQBAL in Arabic No 278, 19 Jan 82 pp 12-14

[Article by Sulayman Nimr: "The Successor Is Following the Road of His Predecessors"]

[Text] A few days before his death, the late Saudi monarch, King Khalid ibn 'Abd-al-'Aziz, was following the spectacle of the Zionist invasion of Lebanon on television and the sight of mothers and children whose homes were destroyed and who had been dispossessed, the corpses of martyrs, and the heroic struggles by members of the joint Palestinian-Lebanese forces against the enemy army. His eyes filled with tears and he started to state, repeatedly, "We are not Arabs, and we are not Moslems, if we do not stop the enemies of God from killing these women and children and if we do not stop this war."

These words which the late Saudi monarch uttered were considered by his crown prince and the other Saudi officials to be a direct order to exert every effort in their power quickly to put pressure on the American president to intervene with Tel Aviv to stop the slaughter it was carrying out in Lebanon. That night (Wednesday, 9 June 1982) it was decided in Riyadh that the foreign minister, Prince Sa'ud al-Faysal, would immediately travel to Bonn to meet with the American president and hand him a sternly-worded message from the Saudi monarch. Prince Sa'ud al-Faysal actually did go to Bonn, met with President Reagan immediately on his arrival and handed him a letter from King Khalid stating that if Washington did not compel Israel to stop its aggression against Lebanon and to impose an immediate cease fire, that would have grave negative repercussions on Riyadh's relations with Washington and the United States' relations with the Arabs in general. The Saudi foreign minister left his meeting with Reagan only after he had received an American promise that there would be a cease fire in the next 24 hours. After Prince Sa'ud al-Faysal met with German Chancellor Helmut Schmidt, he went from Bonn to Paris, and from Paris to London, carrying messages from King Khalid to French President Mitterrand and Mrs. Margaret Thatcher, the British prime minister, demanding that they intervene to get Israel to institute a cease fire and withdraw its forces from Lebanon.

While Prince Sa'ud al-Faysal was meeting with President Reagan, Prince Sultan ibn 'Abd-al-'Aziz was meeting with the FATH representative in Saudi Arabia, Mr Rafiq al-Natshah, to inform him of Saudi Arabia's readiness to offer all the material, military and political support the Palestinian resistance and Lebanese people required. After explaining to him the details of the political activity Saudi Arabia was engaging in to stop the Israeli aggression, Prince Sultan told Mr al-Natshah, "His majesty the king

ordered two Saudia Airline cargo planes to be put at the disposal of the Liberation Organization to transport all military and material aid and volunteers to our Palestinian and Lebanese brethren through Damascus, and I hope that you will ask our brother Abu 'Ammar what weapons he needs which the Kingdom can immediately supply him; we are ready to ship them as quickly as possible." In fact, the first Saudia airplane left Riyadh a few hours after this meeting, carrying the first contingent of volunteers and the first installment of medical and food aid for the joint Lebanese-Palestinian forces.

By the morning of the third day after that, last Friday, news reached Riyadh that the enemy had declared a cease fire as of noon that day. However, Riyadh did not just want a cease fire; it also wanted a total unconditional Israeli withdrawal from all Lebanese territory. This is what Prince Sa'ud al-Faysal had conveyed to President Reagan, Chancellor Schmidt, President Mitterrand and Mrs Thatcher. The Saudi foreign minister had sensed an encouraging atmosphere among Western officials on the possibility for exerting pressure for this withdrawal on Israel, and this made Saudi officials feel relief last Friday morning. However, what happened was that Israel continued its brutal aggression against Lebanon and indeed escalated it by carrying out an infernal artillery and air bombardment of the city of Beirut that afternoon, after Israel, by maneuvering in declaring the cease fire, had managed to secure Syria's commitment to the cease fire although Tel Aviv continued its aggression against the Lebanese and the Palestinians in Lebanon and escalated it.

That evening, last Friday, the Saudi king followed the scenes of destruction and torment that had affected Beirut and other Lebanese towns on television. He saw the bereaved mothers carrying their children and fleeing the air raids and artillery bombardment. Saudi palace circles pointed out that the late monarch was touched to the point of extreme anger and refused to eat dinner, prompting the people around him to fear that that would have repercussions on his health -- he complained of heart disease -- and his crown prince, Prince Fahd ibn 'Abd-al-'Aziz, contacted him from Jiddah requesting him to rest and promising to exert every effort to stop the Israeli massacre of the Lebanese and Palestinian people.

After that, the same evening, Saudi Arabia began a race with time to guarantee a cease fire by every means that would keep the enemy from achieving his objectives. Contacts between Jiddah and Riyadh on the one hand and between Washington and certain Arab capitals on the other continued without letup, all last Saturday. On that day, the Saudi crown prince, Prince Fahd ibn 'Abd-al-'Aziz, kept communications open with the American capital, Lebanese President Ilyas Sarkis and the Palestinian commander Yasir 'Arafat. A major Saudi source told AL-MUSTAQBAL: "Washington has never witnessed such intense Saudi pressure as the pressure it witnessed today to compel Israel to stop its slaughter of the Lebanese and Palestinians. Saudi Arabia did not just want a cease fire to take effect -- it also wanted that to be followed by an Israeli withdrawal from Lebanese territory. Prince Fahd got in touch with President Ilyas Sarkis, Abu 'Ammar, and also the American president, Ronald Reagan, and his secretary of state, Alexander Haig, a number of times.

The major Saudi source went on to tell AL-MUSTAQBAL, "Communications continued until agreement was reached on a cease fire which would be followed at once by an Israeli withdrawal -- a preliminary withdrawal -- from positions facing the joint Palestinian-Lebanese forces. The final telephone contact between the Saudi crown prince and President Reagan took place at about 2200 hours that evening, which was the time for

the new cease fire to go into effect. After that, Prince Fahd ibn 'Abd-al-'Aziz felt confident that this time there would be an actual Israeli commitment to a cease fire and the execution of the terms of this cease fire."

That day, last Saturday, the late Saudi monarch King Khalid ibn 'Abd-al-'Aziz also contacted his crown prince to learn about developments in the situation as they occurred. King Khalid, who was tired and aggrieved by what had happened, expressed his desire to go to Jiddah, where Prince Fahd was engaged in contacting him, in order to take part in the communications which were taking place, but, on doctors' advice, Prince Fahd asked his king to go to al-Ta'if, since his health that day was poor and he could not stand the hardship of the trip to Jiddah, greeting the crowds of citizens who would be there to meet him at the airport and returning to al-Ta'if. He told him, "I will be there to meet you at al-Ta'if to reassure you that things are going well."

That evening the late Saudi king left Riyadh for al-Ta'if and found his crown prince and the senior princes of the ruling family meeting him. People who watched the arrival of King Khalid ibn 'Abd-al-'Aziz at the al-Ta'if airport on television noticed that signs of fatigue and exhaustion were so plainly apparent on the late Saudi king's face that, in light of his insistence on shaking hands with and greeting the citizens who had come to meet him, Saudi officials were compelled to demand that he stay in his car and that the citizens come to greet him as he was in his car. A Saudi source said that the late king had insisted on hearing from his crown prince, Prince Fahd, the report on the results of the contacts that had been made to stop the war Israel had launched in Lebanon, that evening. The source said that King Khalid felt relief after Prince Fahd had told him of the details of the new cease fire agreement and President Reagan's assurances that Tel Aviv would commit itself to it this time. That evening, after Prince Fahd ibn 'Abd-al-'Aziz and senior Saudi officials had confirmed that the cease fire had gone into effect and that it was being honored, the Saudi officials heaved a deep sigh and a major Saudi official got in touch with AL-MUSTAQBAL at midnight that day to speak of Saudi feelings of relief regarding the efforts that had been made, which had started to produce results, and to speak of the details of the contacts that had been made.

Then came last Sunday morning. That day, at 0800 hours in the morning, advisors to the late Saudi monarch sensed that King Khalid ibn 'Abd-al-'Aziz was late in waking up -- he had accustomed them to getting up early to perform the dawn prayer with him. One of his regular companions went to the king's bedroom to wake him up and found that he had passed away and gone to join his lord, Prince Fahd, Prince 'Abdallah and Prince Sultan were immediately informed of the fact and after that all members of the ruling royal family were notified. All members of the family immediately agreed to pledge allegiance to Prince Fahd ibn 'Abd-al-'Aziz as king of the country. He in turn nominated Prince 'Abdallah ibn 'Abd-al-'Aziz crown prince and the family agreed to this nomination and pledged allegiance to him as crown prince. Because the Saudis believe in the prophet's statement that "it honors the dead to bury him," the ruling Saudi family agreed to bury its late king as soon as possible after the evening prayer that day.

At 1215 hours Sunday afternoon, a quarter of an hour after it had interrupted its programs, Saudi Radio and Television broadcast an announcement from the royal court in the name of the Saudi crown prince, Prince Fahd ibn 'Abd-al-'Aziz, conveying the news of the death of the Saudi monarch, King Khalid, "the object of the bereavement of Arabhood and Islam." In the 4-hour period that had passed between the discovery of the death of the late king and the announcement of the news of the death to the

Saudi people, all members of the ruling royal family had learned of the news and declared their allegiance to the Saudi crown prince, Prince Fahd, as king of the country, and to Prince 'Abdallah ibn 'Abd-al-'Aziz, the head of the national guard, as crown prince. When the statement issued by the royal court in Riyadh was declared at noon last Sunday on the pledge of allegiance to Prince Fahd as king by members of the ruling Saudi royal family, this statement requested the citizens to make the oath of allegiance the morning of the following day so that King Fahd could become the country's legitimate ruler.

Citizens greeted the news in Riyadh and all areas of Saudi Arabia of the death of their late king with extreme grief and a subdued spirit. One senior Saudi journalist commented on that to AL-MUSTAQBAL by saying "We feel great grief over the death of the late monarch for one reason, which is that we have lost a man who was tantamount to a warm, affectionate father to every citizen. We grieve because this man had a special warm place in the heart of each one of us; we are not grieving because we feel a loss or feel that there will be a change in our lives after him. The Saudi family which has been ruling since the era of its founder, King 'Abd-al-'Aziz, has lost three kings in 30 years, but the memory of King 'Abd-al-'Aziz still governs Saudi Arabia. King 'Abd-al-'Aziz's thought is not conventional, nor is it a special Saudi ideology -- rather, it is a mode of governance which focuses its attention on the fact that this country is the cradle of Arabhood and the cradle of Islam. 'Abd-al-'Aziz's thought is engraved in the minds of his people through the testament he left them, which is, in brief, 'Do not scatter or let your spirits fail.' The Saudi journalist went on to say, "Therefore no one should be astonished by the subdued spirit with which Saudi citizens greeted the news of the death of the person they believed to be their father, because, just as King Faysal ibn 'Abd-al-'Aziz proceeded along his father's course and King Khalid proceeded along his predecessor King Faysal's course, King Fahd ibn 'Abd-al-'Aziz must proceed along the path his late predecessor King Khalid trod, and their father the late King 'Abd-al-'Aziz Al Sa'ud set out the foundations of this road for them."

It appears that because of the belief in these unquestioned principles the Saudi journalist was talking about, the new Saudi monarch, King Fahd ibn 'Abd-al-'Aziz, did not need to present an electoral statement to the government and the people expressing the principles of his general policy. Because of a belief in the axiom "A good successor must travel along the same road as his good predecessor," King Fahd ibn 'Abd-al-'Aziz did not need to organize "party and media campaigns" to call upon the citizens to pledge allegiance to him as king of the country; a pledge in the Islamic sense is a vote in the modern political sense. Therefore the tens of thousands of citizens who filled the government square in Riyadh and the streets surrounding it last Monday came to pledge allegiance to King Fahd ibn 'Abd-al-'Aziz as king of the country of their own accord, "and no ruling organization or political party was behind this mobilization of people," as a senior Saudi official told AL-MUSTAQBAL. Of this spontaneous rush on the part of Saudi citizens to pledge allegiance to the new king, the Saudi official said, "We consider this to be a new reaffirmation of the citizens' trust in us."

As a Saudi official said, King Fahd ibn 'Abd-al-'Aziz did not need to present a statement to his people on his future policy or the program of his rule because everyone knows that King Fahd was the person who ran the tiller of government in the country as a consequence of the late monarch's health. Therefore, all Saudis are sure that the course of progress in their country will continue and that King Fahd ibn 'Abd-al-'Aziz will proceed along the same road that Saudi Arabia has followed since its establishment.

What perhaps gives the Saudi citizens the most reassurance of that is the fact that it was King Fahd who assumed responsibility for the dialogue between the men in the regime and the populace in recent years. It was he who declared to the people that a new system of government to ensure greater interaction between the people and the leaders was now being studied in Saudi Arabia. All the Saudi people followed up on the discussions King Fahd held with educated young Saudis and university students in the papers and on television. The most recent of these dialogues was the one he held with students in the College of Petroleum and Minerals in Dhahran last January. In this conversation, which Saudi Television relayed to the populace, a discussion on various issues, starting with the Saudi peace plan, proceeding through domestic policies and issues and problems of development, and ending with the question of marriage between Saudis and foreigners took place between King Fahd and the young intellectuals. In this discussion, the Saudi citizens learned what ideas were going about in the minds of their leaders and they became acquainted with what King Fahd was thinking. Because of that, "the death of the late monarch entailed no changes in Saudi policy," as they say in Riyadh, and they underlined this in the Saudi capital by pointing out that King Fahd, who heard the late monarch repeat, during the last days of his life, "We are not Arabs and are not Moslems if we do not stop the enemies of God," considered that to be his testament and that of all officials in Saudi Arabia, and, that, in the midst of the grief he experienced last Monday with the death of his brother, and in the midst of his preoccupation with the pledges and condolences he received, he did not hesitate to carry out contacts with the Palestinian leader Yasir 'Arafat to learn about the latest developments in the situation in Lebanon. This also caused him to seize the opportunity of American Vice President George Bush's visit to tell the American official and the American administration that it had to bear the responsibility of compelling Israel to withdraw its forces from Lebanon. During the meeting of condolences, sharp words were exchanged between King Fahd and the American delegation, which included George Bush and American Secretary of Defense, Caspar Weinberger. King Fahd was frank in his demand that the United States intervene to compel Israel to withdraw its forces and stop the slaughter it was wreaking or the consequences would be grievous and there would be a negative effect on relations between Riyadh and Washington.

The Saudi Position on Egypt Has Not Changed

Will Riyadh's position on Cairo change?

Some Egyptian and Western media raised this question in the wake of Egyptian President Husni Mubarak's initiative to visit the Saudi capital last Monday to offer condolences for the death of the late Saudi monarch King Khalid ibn 'Abd-al-'Aziz. Some the media raised this question in a manner which inspired one to believe that the new Saudi monarch, King Fahd ibn 'Abd-al-'Aziz, would change his country's policy of boycotting the Egyptian regime because of the Camp David agreements, in response to the Egyptian president's initiative.

Among these was the Egyptian MIDDLE EAST NEWS AGENCY, which said that King Fahd met with President Mubarak for a period of 75 minutes during his visit to Riyadh. Official Saudi sources were amazed by this item of news because they know that King Fahd ibn 'Abd-al-'Aziz met with Egyptian President Husni Mubarak in the great hall of the royal court, where he received condolences from the leaders and representatives of Arab and foreign countries for a period of 10 minutes, during which, as a high-level Saudi source who attended the meeting with AL-MUSTAQBAL said, friendly fleeting conversations were held.

The Saudi source himself denied that there would be any change in the kingdom's position on the boycott of the Egyptian regime. He told AL-MUSTAQBAL, "The Saudi position on the Camp David agreements will not change. Therefore, our position on boycotting the Egyptian regime because it signed these agreements has not changed, and the kingdom is absolutely not thinking of resuming relations with Egypt, because the cause of the break in these relations still is in effect."

The same source stressed "While Riyadh realizes that some Arabs are making contacts with Egypt to resume relations with it, the kingdom still insists that the resumption of relations with Egypt is an Arab decision that must be issued by an Arab summit."

The Saudi source stated that President Mubarak's visit to offer condolences over the death of King Khalid "was a good initiative, but nothing more; Riyadh cannot prevent anyone who wants to perform the obligation of giving condolences from doing so."

11887

CSO: 4404/533

SAUDI ARABIA

POLICY OF SENDING STUDENTS ABROAD TO BE REVIEWED

Riyadh AL-RIYAD in Arabic 17 May 82 p 3

[Article by Sa'ud Al-Salih: "Chancellors of the Universities Discuss Policy of Sending Students Abroad Today; Study of Ministries' Need for Graduates and Potential of the Universities"]

[Text] The Undersecretary of the Ministry of Higher Education for Financial and Administrative Affairs, Prof Tami Hdayf al-Baqmi, is meeting today with chancellors of universities in the Kingdom to discuss the policy and system of sending students abroad.

This meeting is being attended by Dr Rashid al-Rajih, chancellor of Umm al-Qura University, Dr Abdullah al-Thunayan, chancellor of King 'Abd-al-'Aziz University in Jidda, Dr 'Abd-al-'Aziz al-Quwayz, chancellor of the Oil and Mines University, and Dr Salih Abdullah Muhaysin, assistant professor in the Faculty of Missionary Activity in the Islamic University, in addition to the chancellors of the Islamic University of Imam Muhammad Ibn Sa'ud, King Sa'ud University and the University of King Faysal in the Eastern Area.

The agenda includes discussion of a number of important issues including the setting down of broad guidelines for the policy of sending students abroad in the Kingdom and the framework of this policy and the present status of the system of sending students abroad and the extent it has accomplished the goals for which it was created. There will also be a study of the needs of ministries and governmental institutions for various specialities so that there will be a clear picture of their needs for these specialities after which the policy of sending students abroad will be laid down. It will also ascertain the scarce specialities required by them so that it will be possible to lay out a special perspective on them and to ascertain the capabilities of Saudi universities to absorb a larger number of Saudi students in order to shut down the dispatch of students abroad and confine this to important and essential things and also to draft a policy aimed at filling existing needs in Saudi universities so that they can play their role fully. Along with this they will study and ascertain the extent to which it will be possible to establish the specialities which are needed by the country and not currently available in Saudi universities. This meeting will have an effect as part of a series of meetings that are being held to study and lay out an overall policy on sending students abroad.

8389

CSO: 4404/503

EDITORIAL CRITICIZES ARAB REGIMES FOR LACK OF UNITY

Riyadh AL-RIYAD in Arabic 18 May 82 p 1

[Article: "The Possible and the Impossible"]

[Text] Is it correct that the Arabs are sacrificing the possible for the sake of the impossible? This question can portray the true conditions prevailing in the Arab area which the Arabs are now manifesting. The possible which the Arab--we mean the Arab regimes--is sacrificing for the sake of the impossible is the fact that there are defined Arab goals around which the joint Arab will can meet without this altering the character of the intransigence that characterizes the position of some regimes toward a number of the issues from which the Arabs have so far been unable to provide the appropriate foundation to move forward toward joint Arab action without diminishing the conflicting judgements to which some hold fast as the ideal way to liberate the Arab nation. To put it candidly, this possible is what the Arab leaders must accept regardless of any regional or national considerations which can arise in the path toward the unity of Arab ranks and the unanimity of the leaders of the nation for confronting the threats and challenges imposed on their peoples.

This possible for example is for the Arabs to agree unanimously that the leaders of the Arab nation must adopt a unified stand toward the issue of the Palestinian people and the other rights of Arabs whatever this position might be; that is, even were it to be at the expense of an abandonment by some of their intransigent positions or their attempts to outbid each other on the nation's fateful issues in anticipation of what the big powers in the East and West will permit within the framework of the political game that is being played in the Middle East. As long as the Arab will can be liberated from any outside pressures if the Arab unanimity is unencumbered and on the plane of its pan-Arab mission, the unity of ranks must come together around the fateful issues of the nation, free of all elements of pressure and the policy of one-upmanship which has been a cause of this fragmentation afflicting the Arab body.

The tragedy of the Arabs is that they harbor one desire but they manifest just the opposite, waiting for one of them to take the initiative in announcing it even if this costs him his life. This schizophrenia which characterizes the official behavior of Arab regimes has its source in the fact that in these particular circumstances the Arabs urgently needed to be candid about themselves without this hurting their pride and to deal with the facts of reality

in a manner as to serve the interests and common issues of their peoples. The next tragedy of the Arabs is that they appear to the outside world as tribal groups that cannot adopt a unified stance on the issues of their peoples that are fighting with each other. In the best of circumstances they do not know what they want. For example they recognize the impossibility of military confrontation with the Zionist enemy but at the same time they reject peaceful proposals that would achieve a just settlement of the issue for them; in other words, dealing with the possible. In any case, what the Arab must recognize is that time is working against him and has been and still is working in favor of his common enemy. Unless there is the minimum Arab solidarity and unity of ranks along the road of achieving the goals for which every Arab yearns, the Arab nation will face an unknown fate the outlines of which cannot now be defined. However, the Arab may ask God's mercy on his yesterday if his eyes catch sight of his unknown tomorrow while he stands with paralyzed will awaiting the impossible.

8389

CSO: 4404/503

SYRIA

BACKGROUND OF MA'RUF AL-DAWALIBI GIVEN

London AL-MAJALLAH in Arabic No 117, 8-14 May 82 p 42

[Interview with Ma'ruf al-Dawalibi by Qasim al-Samawi; date and place not specified]

[Excerpts] Dr Ma'ruf al-Dawalibi is more than 70 years old. He was known to the Arab people in the 1950s and 1960s as an outstanding and influential political figure in Syria. He lived during the period of successive military coups and when he attained the position of prime minister, he awoke one morning to find himself in al-Mazzah prison.

For 16 years Ma'ruf al-Dawalibi has been living in exile as a political refugee after he was summoned one day from prison to be told a decree had been issued for his immediate banishment from Syria.

Al Dawalibi hesitated a long time in talking with AL-MAJALLAH. He said: "Here in Baghdad I am undertaking with friends of mine from the Islamic Conference Organization a delicate and very important mission. I want my remarks to be taken seriously. Therefore, I don't want to talk about my mission at the present time and until God decides the matter.

[Question] Can you recall some of your old memories, many and crowded, some of them very significant in Syrian history itself?

[Answer] I am a citizen of Syria. I was born in 1907 in Aleppo. In 1935 I got my law diploma from the University of Damascus, then my doctorate in law from the University of Paris. I began my political career in 1947 when I was elected for the first time deputy from the city of Aleppo. I was re-elected in 1949, 1954, and 1961. In 1954 I became president of parliament. The same year I served as prime minister and minister of defense. Before that, in 1950, I occupied a ministerial post for the first time--minister of economy. In 1954 and 1955, I was minister of defense in the Syrian government of the time. As for personal affairs, I am married and have 4 children. When I was forced to leave Syria in 1965, I proceeded to Lebanon where the late King Faysal insisted that I go to Saudi Arabia and I have been there ever since. Because I hated the word "refugee," they bestowed on me the title of "Adviser to the Royal Court." This is still my position.

[Question] During your long and crowded life you met many kings and presidents. A few days ago you met Iraqi president Saddam Husayn for the first time. How did you find him?

[Answer] For a long time all I knew about him was what I read and heard. At the Islamic Summit conference held in Ta'if last year, I was able to listen to his important speech. I found myself in the presence of a wise man.

[Question] What do you think of the situation in the Arab and Islamic worlds?

[Answer] A situation far removed from reality. It's as though we are on a long vacation that we don't know when it will end and we return lazy. The world is moving to solve its problems while we are moving to compound ours. This is how it is.

In Paris

We go back to the past with Dr al-Dawalibi and ask him about his Iraqi and Arab classmates in the University of Paris. "When we went away to study in Paris, World War II broke out. Some of us remained to continue our studies. One of those who stayed with me was Dr 'Abd al-Jabbar al-Jawmard, the well-known Iraqi historian and minister of defense of the 14 July Revolution in Iraq. Some preferred to return to their country, e.g., Professor Muhammad Sadiq Shamshal. Among the other Arabs were brother 'Izzat Tarabulsi, a well-known financial expert, and Majib Sadaqah from Lebanon."

[Question] What is your opinion of the Arabs' situation today? Has there ever been a worse time than the present?

[Answer] Our situation reminds me of the conclusion of the report written by (Eric) Johnston whose idea it was to divide the waters of Tiberias between the Arabs and the Zionists. After he proposed this plan, the Jews took all of Tiberias and all the water in it. So he wrote: "The Jews are surrounded by a sea of Arabs, but they can come to where they wish and take what they wish in this sea. As for the Arabs, from Morocco to Baghdad they can create problems for themselves!" This is our situation now, most unfortunately.

[Question] What memory do you have about events or personalities during your long period of study in France?

[Answer] The events of life away from home are many. We lived them in France during the conflagration of World War II. What I remember now is acting as an intermediary between the late Rashid 'Ali al-Kaylani and al-Hajj Amin al-Husayni. A dispute broke out between them after the first signs of the Nazi collapse before the Allied armies began to appear on the horizon.

Dr al-Dawalibi ended the interview by saying: "Leave the interview for the future. Perhaps there will be something of benefit to our nation, God willing."

5214

CSO: 4404/521

CONDITION OF FUNDAMENTALIST PRISONERS UPDATED

Tunis AL-RA'Y in Arabic 28 May 82 p 4

[Text] We learned through the families of the prisoners who met last week with Omar Chechia, prison administration director, that Chechia made an investigative trip to the 9th of April Prison to personally find out the truth about the conditions of the political prisoners of the Islamic Tendency Movement incarcerated there. These [prisoners] submitted a set of demands previously mentioned [see AL-RA'Y 21 May 82 p 4] which included permission to bring opposition newspapers into the prison. Omar Chechia had refused this request; however, he expressed his readiness to allow some foreign newspapers in--"LE MONDE and JEUNE AFRIQUE"--to allow the prisoners access to small refrigerators, to receive the food basket [from their families] on a daily basis, and to continue [medical] treatment. We are recording this positive step on the part of the prison administration with the reminder that another set of demands submitted by the prisoners has not been acceded to and it includes the following:

--political prisoner status

--permission to perform Friday prayer in the prison mosque

As regards the visit of a specialist to Rached Ghanouchi, the situation remains the same as before, and Rached Ghanouchi is awaiting a doctor's call. We hope that this happens in the very near future.

A. New Prisoner

The wife of Abdallah Triki, an employee in the Ministry of Finance and Plan, informed us that elements of the security forces stormed her house on Monday, the 3rd of the current month of May, thoroughly searched the place and then left without coming up with anything.

Since that date Abdallah Triki has been absent, and this fact has led his wife to deduce that he may be subject to imprisonment.

We hope that the authorities will clarify this situation.

A proclamation issued by the defenders of the Islamic Tendency Movement bearing 311 signatures has come to our attention. It expresses the signatories' disapproval and condemnation of the practices on the part of the authorities to which the head of the Islamic Tendency Movement, Rached Ghanouchi, is opposed. Likewise, the proclamation expresses the concern of his friends over the isolation and sickness he is enduring, as well as the indifference and neglect displayed by the authorities towards his condition.

Those who signed the proclamation are demanding an end to this conduct, the suspension of the restrictions imposed on Professor Rached Ghanouchi and the freeing of Rached Ghanouchi and his brothers once and for all from injustice through their release and the announcement of a general legislative amnesty.

CSO: 4504/386

PLAN EMPHASIS ON AGRICULTURE DISCUSSED, REVIEWED

San'a' AL-THAWRAH in Arabic 23, 26 Apr 82

[Article by 'Abd-al-Malik al-Sanadi: "Our Brother the Deputy Minister of Agriculture: The Second 5-Year Plan Has Fundamentally Concentrated on the Agricultural Sector"]

[23 Apr 82 p 3]

[Text] The road to rural development is long and hard, and in addition there are many problems accompanying agricultural development. However, all these difficulties are compensated for by the great importance that is attached to this sector. There is no doubt that agriculture is the backbone and the prime economic foundation of our country; therefore, our country is surmounting all difficulties and transcending all barriers, out of its belief in the great benefits for the future.

By casting a simple glance at statistics, the features will become quite clear: agriculture, in direct fashion, contributes more than 28.5 percent of our total domestic economy, specifically gross domestic product, and agricultural labor absorbs 69.1 percent of the total manpower. In addition, 88 percent of the population lives in the countryside and engages in agriculture as a basic occupation.

The directives of our political leaders, under the command of the president and commander, Col 'Ali 'Abdallah Salih, the president and commander general of the armed forces, are tantamount to a working guide that sets forth from a conscious awareness of the importance of this fertile, prolific field. For this reason, concentration has been laid on developing the agricultural sector with all possible powers, efforts and resources, putting all facilities to use and reducing problems and difficulties in order to achieve results desired, in a time of increasing need for foodstuffs, proceeding from the policy of self-sufficiency in food and the provision of the basic raw materials the industrial sector needs. The first 5-year plan also set out on its course in spite of the many deficiencies in essential resources and a lack of complete basic data and information: indeed, the intense desire to eliminate backwardness, to triumph in the agricultural revolution, and to achieve truthfulness and sincerity in performance have brought about success and farmers in various areas have played an important role which has had a positive effect in attaining the best results.

Today, after the holding of the second international conference on Yemeni development and the discussion of the second 5-year plan in advance of a start on its execution, we find that the plan's basic goals are concentrated on agriculture and the quest, through every effort and resource, to develop it and raise the general level of the

countryside and the farming village to the highest levels, as well as to mobilize every resource to create an industry relying on agriculture and agricultural products and encouraging the export of surplus agricultural products, in order that we may benefit financially from foreign currency revenues from these exports. Since it is apparent that the rate of growth in the previous plan was below the level that had been planned, the reasons for this may basically be attributed to natural elements and vicissitudes in the rainy seasons, in addition to the emphasis that was essentially laid on building the infrastructure, creating statutes and laws, opening offices in various areas and establishing an agriculture ministry on modern foundations which is in keeping with the age and the spirit of the age and possesses the resources and capabilities that will enable it to carry out ambitious massive future plans.

Following all this, we met with our brother Muqbil Ahmad Muqbil, the deputy minister of agriculture, for a long important conversation in which we presented all our questions and received more than we had expected.

The newspaper is publishing the results of its conversation with our brother the deputy minister of agriculture in two instalments. We will begin this week's instalment with a traditional question on the most prominent and most important projects in the Ministry of Agriculture and Fish Resources second 5-year plan.

Our brother Muqbil said:

"At the beginning, I must give thanks to AL-THAWRAH newspaper, which is covering the most prominent points of progress and development in our country, has realized great success, has spread out and has managed to achieve great goals in a number of areas in providing enlightenment on and highlighting the achievements our country has made. Let us get into the subject. Before all else, we must all remember, that the purpose of the first 5-year plan was to build the organizational structures and institutions which would be subordinate to the Ministry of Agriculture and also to complete studies in numerous agricultural areas. As regards the second 5-Year Plan, concentration in that is being placed essentially on the agricultural sector, including the sectors of irrigation and livestock and fish resources. This is as far as the productive sectors through which agricultural production will be realized are concerned. This is accompanied by agricultural marketing inside and outside the country, founded on carefully studied scientific bases, as well as the establishment of agricultural industries, in sight of the agricultural raw materials our land produces. This is the correct, proper orientation of the second 5-year plan.

Concentration on the Construction of Dams and Expansion of Farmland

"The most important projects, as I have pointed out, lay emphasis on the important aspects that constitute the fundamental factors of agriculture, such as irrigation for instance. We have made about 50 percent of the plan investments in irrigation. This includes construction of dams and the vertical and horizontal expansion of farmland by drilling wells in arable agricultural areas and areas that can be reclaimed, from which generous output is expected. The second field is that of livestock resources. We have devoted great attention to this, because development and production of the animal resource livestock and fish sectors means the development of the country in general. Large projects have been set forth in these fields, including dairy farms, animal feedlots, poultry farms and egg farms. These are important sectors, since we import many of these things, costing Yemen exorbitant amounts of money and devoting

the greatest share of the balance of trade to them. The value of the eggs and chicken we import comes to more than 500 million riyals, reducing the trade balance through our imports from foreign countries and influencing our reliance on imports from other areas. As regards the fish sector, there is an integrated fish resource development project into whose elements enter fish production and the encouragement of fishermen through the grant of favorable loans. Loans have been disbursed to about 5,000 fishermen and they have been given fishing equipment on easy loans. In addition, we have improved fishing methods and modern fishing ports will be erected in al-Hudaydah, al-Khukhah, al-Lahyah and al-Mukha, which will help to improve fish production. Within the project there is a plan to market fish, set up fish refrigeration and storage warehouses, and market the products of productive fishermen, who make up the productive base in the country, through the General Fish Resource Development Organization. This is in addition to the plant production sector, in which we have laid emphasis on producing improved seeds and distributing them to farmers in general, whether they are seeds for wheat, which is the main crop, or seeds for cotton, which is the economic crop on which our domestic factories are depending in the industrialization process, as well as other seeds for various crops such as Syrian corn, fine corn and other economic crops. There is also an emphasis on the establishment of nurseries for forest seedlings and fruit seedlings, since these nurseries also serve a large segment of production. As I pointed out, along with our meat, poultry and egg imports, we also import fruit such as oranges, apples, bananas and so forth from abroad; although, to be honest, ours is considered an agricultural country with a favorable climate and we have opportunities to cover our needs for fruit, in addition to the resources that now exist to produce certain types of fruit like grapes and other types of fruit which have died out and will not be replanted, nonetheless, imports of the things I have mentioned also have had an effect on our economy, the development of our country and our balance of trade. Proceeding from this premise, we have sought to expand nurseries in most areas of the republic and establish nurseries to produce fruit trees, forest trees and coffee seedlings. This orientation is contained in the second 5-year plan, and agricultural production service projects will realize a great deal during this time."

Agricultural Product Processing

[Question] The second 5-year plan has been concerned with the subject of agriculture combined with industry, that is, the processing of agricultural materials or products. What is your view on this subject?

[Answer] The view that we have, by directives of our brother the president and commander, Col 'Ali 'Abdallah Salih, the president and commander general of the armed forces, and our brother 'Abd-al-Karim al-Iryani, the prime minister, is that the coming 5-year plan should serve all the productive sectors in the republic, as well as the development sector, so that there may be a productive plan for the raw materials that exist in our country and self-sufficiency in these materials, be they the agricultural and natural resources or other raw materials that exist in the republic. The agricultural sector, specifically, has potential because there is room for production and processing. Then, in this, we have made coordination with the plans of the Ministry of Economy and Industry, meeting repeatedly with our brothers there and studying their industrial plans for processing the agricultural materials that are to be produced in the future whether by directive of the Ministry of Agriculture, through the production provided by farmers spread about over most areas of the republic, who are the fundamental basis for agricultural output, or other materials produced by the

private sector. Agricultural output must be followed by the agricultural processing of the agricultural raw materials produced. This is the soundest method and has brought us to the best solution to industrialization in Yemen. As I pointed out, there are existing industries and industries going through the final procedures prior to the start of industrial production, and there are fish canneries, fish mills, fishmeal plants and other plants to can fruit and vegetables. This is all also part of the second 5-year plan.

Establishment of Multipurpose Plants

[Question] To be specific, could we learn more about agricultural processing?

[Answer] Through coordination with the Ministry of Economy at the present time completion has started in the final operations to set up the tomato plant at Tihamah. Finally, in spite of everything, agreement has been reached to build this plant; the situation was rounded out only after full coordination between the Ministry of Agriculture and Ministry of Economy and Industry. We reached coordination on the volumes of tomatoes we would produce and the types involved which are specified as suitable for canning. In addition to this we gave the Ministry of Economy specific areas of from 5 to 10 hectares in the Jumayshah, Sardud and Bajil areas to [words missing] and conduct experiments on the types to be canned in coordination with the branch research stations in the Tihama areas. Here I would like to point out that the plant told us that that was possible, since the plant was stipulated to, and can, function throughout the year. We will seek to have the tomato canning take place in the tomato season and will provide other agricultural products which I have mentioned, fruit and vegetables, in other seasons. This has been agreed to recently. The plant is continuing to conduct experiments on the products and crops to be processed in the future. I believe that that is the proper method to which we must commit ourselves in establishing any plant -- that is, we should process agricultural product materials on bases that are carefully studied in advance so that what happened with the current plant will not happen again. That was put up without any study, research or preparation, as a result the sun and other natural elements eliminated it, or devoured it, savoring delicious morsels of its equipment, which became scrap iron. Technical aspects of the plant were not studied, nor were its productive capacity or economic feasibility, and the requisite types of crop were not even determined.

The Need To Establish an Agricultural Faculty

[Question] The next plan is concerned with the issue of providing personnel, in which we are still almost completely lacking, since we rely on imported manpower in our projects. Do you have any solutions for developing and training manpower, of course in the form of local personnel?

[Answer] Starting in 1976, when we began to execute the first 5-year plan, the ministry set forth a plan to train manpower and sought to send many people out on higher agricultural and study grants. In cooperation with the American agency, 80 people were sent to Egypt and they have now started to enter the ministry, after completing their studies and graduating. We also sent about 40 persons to Syria and more than 30 to the Soviet Union during this period. Through this plan, in which we sent students to obtain higher credentials, namely the bachelor's degree, statistics of the ministry, in the context of the second 5-year plan, state that the total number of people sent out for study and university education in fraternal and friendly countries will be more than 600; they will specialize in various fields of agriculture, live-

stock production, irrigation, fish, horticulture and so forth. We hope that these people will be at hand in the Ministry of Agriculture when the second 5-year plan ends. Although we have planned to have more than 500 graduates when the second 5-year plan is completed, most unfortunately not more than 180 engineers graduated and enrolled recently during the final years of the first plan. Basic factors cause some of our brothers who graduate in general secondary in the specialization to break away from the field of agriculture during university studies and studies in specialized higher institutes in friendly and fraternal countries. These basic factors may essentially be summarized by the incentives given agricultural engineers and assistant engineers. However, the ministry has recently striven to encourage agricultural personnel, raise their salaries, give them the necessary raises and cause them to enroll in the greatest numbers in specialized agricultural studies in universities and institutes in recent years.

We have initiated some good steps. One of them is the accreditation of agricultural staffs, giving scientific degrees locally up to the assistant agricultural engineer level. We have started to establish the Ibb agricultural institute in coordination with the Ministry of Education and the secondary agricultural school in Sardud, whose graduates are specialized in technology, mechanization and other aspects of agriculture, and the veterinary institute in San'a', which is to provide our country with local veterinarians. These institutes will produce, train and instruct intermediate employment classes in the agricultural sector, which is what the agricultural and practical sectors in all countries require the most -- productive instruments that are in contact with agricultural production and farmers in the various areas of the republic. The ministry also recently completed a thorough study on the construction and establishment of a faculty of agriculture in coordination with the Arab Agricultural Development Organization and other bodies. The study is ready and at our disposal, and nothing remains except to set out the designs to build the faculty and to set the test farms which will belong to this faculty. We hope that the faculty will be built, erected and outfitted at the nearest opportunity during the second 5-year plan. It was hoped that it would have been established by now, but in spite of that we have managed to catch up to the caravan. This faculty will be involved in graduating qualified staffs for the agricultural sector.

We Are Coordinating with All Bodies To Develop Scientific Agricultural Staffs

[Question] I understand from the statement on the study in the field of local agriculture that coordination with the [Ministry of] Education on students pursuing higher studies abroad in this area?

[Answer] There is integrated coordination with Education in the matter of students studying abroad and students who go either through the Education [Ministry] or on grants given the Ministry of Agriculture by fraternal and friendly countries and the American agency, as I have pointed out. For example we get grants from the fraternal country of Iraq, the fraternal country of Saudi Arabia, the friendly Soviet Union, and so forth. The coordination is integrated and the Ministry of Agriculture is requested to choose people and determine the fields it wants.

If, for example, we have a shortage in the area of irrigation, we present our applications by stating our needs for civil engineers in this field, including hydrology, dams, and so forth, and we submit a figure of 20 persons. If 50 people are sent out, we will cover other areas with them, in which we have a deficit such as veterinary medicine, to which we will allocate 10 or 15, and so on. Proceeding from this premise, we list the areas and fields of specialization we require in our activity in the context of coordination with the Ministry of Education, which in turn executes the pro-

cedures of sending them and dispatching them once it has reached agreement with the country giving the grants which is to receive these students and instruct them, be that Egypt, Iraq, the Soviet Union, Syria, the Kingdom of Saudi Arabia or whatever. This reaffirms that our function is to specify the areas and numbers we need. This reaffirms that our function is to specify the areas and numbers we need. The other measures are at the heart of the Education Ministry's areas of specialization. The other area in which we carry out coordination with the ministry is agricultural institutes. The Ministry of Agriculture has provided land on which to set up higher institutes and we are giving students who are engaged in these studies specific incentives of 150 riyals for instance to people studying in the Ibb Agricultural Institute, in addition to the salary they receive from the Ministry of Education. We also give Education the necessary agricultural land and equipment for providing students with practical training in soil, crops and experiments so that the students can become acquainted with the various crops and make use of them. Thus, as we see, coordination is integrated. As regards training courses, short-term courses and higher study grants, the ministry reviews these itself because it is in direct contact with us, and the Education Law and the Law on Foreign Fellowships entitles us to send our employees out on these courses and higher studies.

The Agricultural Marketing Institute Will Start Its Work Soon

[Question] In your conversation, at the start of it, you indirectly mentioned the question of imports and marketing. What do you mean?

[Answer] With respect to marketing, the Ministry of Agriculture, with guidance from the political leaders, headed by our brother the president and commander through the projects of the Ministry of Agriculture, engages in the dissemination of agricultural guidance centers, the provision of complete agricultural guidance farms and the possibilities for exporting the surplus to other countries, and the acquisition of specific crops, in particular vegetables, which in their yield are competitive with other crops. The farmers have oriented themselves toward the production of large quantities of such crops, especially tomatoes, onions, bell peppers, string beans, okra, eggplant, cucumbers, garlic and numerous other types, and our country has started to attain self-sufficiency, indeed to export its surplus abroad, in the case of okra, pepper and so forth, for instance. However, one issue was not taken into account, which was that the production by this method would be high, and therefore we did not previously study practical marketing aspects. However, requirements demand that directives be issued to establish the agricultural marketing institute, and indeed a law, draft, or rough draft of a draft was prepared to establish the Agricultural Marketing Institute. It was presented to the Council of Ministers, which approved the formation of an agricultural marketing company which the public and private sectors would enter into and in which the Agricultural Cooperative Credit Bank would be a participant, as would the government, in the technical and administrative senses. The company was established with a capital of 25 million riyals, and now the executive steps on the work have been started most recently. This company will be concerned with marketing agricultural, livestock and fish products domestically and abroad and will engage in the construction of coolers and marketing centers. This is an exemplary step and we hope that it will be carried out and that the appropriate solutions to the problem of agricultural marketing will be found so that farmers will not incur flagrant losses as a result of circumstances, since they are the basis and the producers, while consumers at the same time are given reassurances of stable prices. Naturally, the problem of marketing is one that every country in the world faces. If

farmers lose by producing some crop they will hesitate to repeat the error in the future, and the consumers, who pay prices above the value of the product, lose as a consequence, while the merchant in the middle who imposes the prices and speculates in them gains in the process. We can do away with him only by the laws and statutes the marketing company will enforce and set forth, which will regulate marketing without engaging in the activities the intermediary agent performs when he offers the farmer a loan and ties this farmer to him for the rest of his life, exploiting him as he likes. Instead, the work will be in a completely modern manner, totally divorced from these medieval methods.

Dear reader:

We have not completed our conversation with our brother Muqbil Ahmad Muqbil, the deputy minister of agriculture; there still are numerous issues which the newspaper raised with our brother deputy minister, and there are numerous agricultural matters which are of interest to the reader.

All this, and other things besides, will be included in the rest of the conversation with our brother the deputy in the next issue, with God's permission.

[26 Apr 82 p 3]

[Text] We are herewith continuing the publication of the rest of the conversation with our brother Muqbil Ahmad Muqbil, which deals with the dimensions and problems of agricultural activity and the nature of the efforts made to develop agricultural activity in a manner which will respond to the basic needs of the citizen and strive to erect firm foundations for the domestic economy.

[Question] On exports, we have published inquiries on agricultural societies, including the al-Lawiyah Society, which is in charge of exporting its surplus products to some fraternal countries. What is your evaluation of this? What do you provide for these societies?

[Answer] We in the Ministry of Agriculture and other bodies encourage autonomous agricultural marketing with all the strength we can bring to bear and all our being. We offer many facilities. Every country that wants to export its products to other countries works to give opportunities to people who want to do so; whether they are agricultural societies, cooperative or craft societies, or even farmers with the capability to market. We in the Ministry of Agriculture seek to give them every opportunity to market these products, because that will give farmers great revenues and incomes when they resume cultivating the crops they have benefited from, tying them to their land, which gives them prosperity and profit because they are working on it. In another area, the revenue is important for the government, in general, since it acquires diverse forms of foreign currency. In execution of directives, we give agricultural marketing a proper atmosphere and opportunity, provide every facility, give exporters all the resources they need and help them overcome all obstacles. This encourages farmers to produce and the country benefits from this sound economic cycle.

As regards the al-Lawiyah Society, marketing is done outside Yemen by some persons, and further marketing is done by means of the active, exemplary al-Lawiyah Agricultural Society. Recently, in coordination with the General Cooperative Federation, we made a visit to this society and set forth some rules which will lead to a rise in the

society's practical and financial capability. We have set aside a levy for the society which farmers will pay, if they are to market their produce by themselves, paying 5 riyals per sack, or 3 riyals in the event there are several farmers in the same partnership. The society will use this income to achieve its goals and objectives, and the marketing will be done through the society in al-Lawiyah or through other people.

[Question] While we are talking about al-Lawiyah, it is necessary to present its problems and issues to you. This is a rare opportunity. There have been complaints about the cotton seeds, which are said to be bringing farmers a loss, as a consequence of which they refrain from growing cotton. Could you enlighten us?

[Answer] On the latest visit we made to the Tihamah region with a group of technicians to set out solutions to the problems of cotton farming and the struggle against cotton pests, we encountered many complaints from farmers. You must realize that cotton farming is a matter that is taxing for the land and the peasant. First of all, cotton requires much labor from the standpoint of seeds, land preparation and readying, and the harvesting of the crop by hand by workers, who cost a great deal, as well as cotton marketing, the prices the cotton company sets, and the costs of the fuel and water with which the crop is irrigated. I made an investigation into the subject and we studied all of these problems. In the case of seeds, there was a complaint but we could not confirm that the seeds were not good. Rather, it has been said that the grade of cotton, which is Kawkar 310, needs much irrigation while the previous variety, Akala 1015, just needed two waterings.

Farmers, of course, measure the volume of their income from every crop and the degree of inconvenience. Crops that they are compelled to irrigate seven times cost them a loss, at a time when there is another type of cotton that needs only two [irrigations], and whose growth is staggered, for example the Akala 1015 variety, which grows in stages and which the farmer picks in stages in accordance with his resources, while the new strain, Kawkar 310, matures rapidly in general, compelling the farmer to find workers and farmers to pick it all at once. However, we must not forget that there are advantages which experts determine in the strains and gradations. These are the people who approve the fitness of the ground for cultivation of a given strain, and we carry out their instructions. If these experts determine that we should suspend the farming of a specific strain, we immediately carry out these decrees, which are taken only after thorough study.

Here, however, I told our brother farmers that if the new strain which they are complaining about is well fertilized, with an excellent fertilizer, it will yield more than 2 tons per hectare, which is a big yield in comparison with the former strain, which yielded no more than 800 kilograms and recently dropped to 400 kilograms. The new strain, with existing techniques, gives more than a ton; as I said, it will give more if good fertilizer is used on it; this yield justifies everything. The problem of its needing more water and growing all at the same time is certainly justified by the great increase in the volume produced at the harvest. As regards the eradication campaign, the ministry has pursued in coordination with them, the ministry always fights all pests; we have not made any body bear the cost for this campaign. The Ministry of Agriculture has paid for everything. The campaign was a success and cotton production last year came to 4,000 tons and will reach 10,000 tons or perhaps more this year. This is a good thing if we are to bring the crop to the highest levels. The government has striven to support the farmers in cotton crop pricing and has offered 14 million riyals, which it has given the farmers as an incentive to continue farming cotton. This is the proper approach toward cotton and cotton cultivation.

Question What about the first 5-year plan?

Answer The Ministry of Agriculture, like the other ministries, sets forth an annual report on the results of each of the plan years, and that is discussed inside the ministry. This report includes reports on all the projects and bodies that are subordinate to the ministry. We crystallize that and set up structures and open offices in the districts. There was a charter plan which set out priorities for projects, and we hoped that in this second plan there would be fruitful productive projects, which is what we are arranging. In reality, we cannot say that the Ministry of Agriculture must be a producer.

Rather, the ministry plays an auxiliary role, helping with production. It helps farmers find improved seeds and loans and fight pests and animal diseases: and it provides good fruit seedlings and seedlings for forests. That is the role of the Ministry of Agriculture. It is a service role; the rest is up to the farmer, who constitutes the great base of the country and has the duty to produce. One of the most significant difficulties we have faced, and this is unfortunate, is the problem of the land and the problem of the fragmentation in our bilateral projects with countries and other projects, although it is possible to combine them all within a single body. Land and land problems are a reason why we have been deprived of many projects that were presented to us.

Indeed, we spent large amounts of the projects' limited money buying land. The government buys land; doesn't that inspire sorrow? For example, the animal resource project. Eight dairy farms were to be set up, and after research had been conducted for a long time they were cut back to just two farms, because we could not find land on which to set up the project! Then that was cut back to just a single farm. This is one of the main problems. Then there are poultry farms, for example. Now the Ma'rib Poultry Company has been established; this will produce 1 million eggs and 37 million chicks a year. It is now on the verge of producing, and will start this year, beginning this month. However, the process of setting this project up and the process of obtaining land has taken more than a year. One absolutely cannot call farming farming if there is no land. We want land on which to set up model projects. We want land on which to set up poultry projects, dairy projects and seedling projects. Land is one of the main obstacles. It is followed by the problem of qualified technical staffs. Few indeed are the people who will agree to study agriculture and specialize in agricultural fields for the reasons I have mentioned, which are incentives and wages; they prefer to study in fields of specialization that will give them a greater income, such as medicine, engineering, commerce and so forth. This is also a problem which has kept us, or, to be specific, has kept the Yemeni party, away from following up on its projects by means of special project staffs. Financial problems also enter into the difficulties. There are delays in dealings with the Ministry of Finance and the Central Planning Agency as a result of hesitation between them, prolonged red tape, which affects international agreements, production and project execution. There are many negative aspects which are to be found in writing in the Ministry of Agriculture and with officials in the competent bodies on the difficulties we faced in the first 5-year plan in general. This is also in written reports.

Question What do you recommend in order to get rid of these difficulties in the future or in the coming new plan?

[Answer] I can say here that by describing the problems and difficulties in international reports, we have come up with solutions to them. Every problem has a solution. Land, for example: the idea was raised that the land that belongs to the government in the form of government property under the supervision of the Department of Government Property and Religious Endowments ought to be handed over to the Ministry of Agriculture, and we will then erect all the projects on that, it will yield a good revenue, private buildings will not be built on that land, and other people will not take this land over for personal use. To the contrary, it will be useful in the establishment of projects, it will be stable, and it will be visible to people, if for example it is a poultry or dairy farm or a fruit tree nursery.

Here, I am happy to point out and I swear to God that the State Real Estate Department has started cooperating with us in this regard, especially with the directives of our brother the president, our brother the prime minister and other officials in the various ministries. We have recently received two farms in al-Rawdah which belonged to the department although farmers were leasing it. Now that we have received them, however, and have set up nurseries on them, the Religious Endowments [Ministry] has started to gain an understanding of the situation and is offering us all the land under their jurisdiction which we are in need of. As you see, the solutions are available and at hand; we just need a new, efficient spirit, in order to deal properly and soundly with significant, basic matters without getting into labyrinths and byways of red tape. For example, if we go to the Religious Endowments [Ministry] it will ask for rent, because the land will be turned into a farm. Here one must understand that the issue is a ministry project, that it will yield benefit for the government and that the land is a religious endowment and will still remain, while other land is [government] property and important, beneficial projects will also be established on that. Therefore, proceeding from this premise, we have managed to come up with many solutions which have been of great benefit to us in carrying out our most important projects. As for staffs, I previously said that we have started to send large numbers of people to study in universities and higher institutes in fraternal and friendly countries, and, now that financial conditions have improved, receptivity has increased and we now have close to 600 people who have been sent abroad and will be trained by the end of the second 5-year plan, in addition to those we already have and the assistants, who are estimated at 800 to 1,000 agricultural engineers altogether. This year alone the technical institutes will give us more than 50 assistants from Ibb, and the veterinary institute, where we will start giving instruction to veterinary assistants, will open soon. The Sardud Institute will provide technical staffs, and studies have started there. These are the solutions that we have started to pursue. As for the financial aspect, the solutions come from the government, and honest approaches are being made to come up with solutions. When the government sets out its investment budget, it gives a competent minister or competent bodies spending powers, and then after that comes oversight. Now, however, there are big inconveniences, which have had an effect on the projects, the extent of their execution, and international agreements. In my opinion, financial considerations constitute one of the main reasons why some aspects in the development of agriculture and the agricultural sector are neglected but that is necessary if the honest work is to continue.

[Question] There is a question which perplexes people. Perhaps you have observed that most foreign and Arab investments in our country are concentrated on investments in banks and hotels, that is, are insignificant investments. We have agricultural land whose fitness and fertility the world can witness, and it is incredibly vast.

Why don't we seek to make agreements with Arab or foreign companies, support them and let them invest? It is not necessary that we make a profit at the beginning. Let us let the company make a profit as long as the land becomes green in the end. Why doesn't your ministry make an agreement with a foreign company, for example, to reclaim 100 square kilometers on the road to Ta'izz or some other area?

[Answer] As one of its goals, the Ministry of Agriculture in reality has determined in its first 5-year plan to obtain some powers, and we now have the right to give the local Yemeni private sector and the foreign private sector, whether in neighboring countries or Arab or friendly countries, the opportunity to invest. I can also assert here that in the first international conference on Yemeni development, the Ministry of Economy while setting out the first 5-year plan, set out the investment law, which it developed and improved in a manner that is in keeping with changes in circumstances and the desire to smoothe out all difficulties. It distributed this law to all Arab and foreign investors so that they would be so gracious as to participate and receive the greatest welcome and reception. Yemen, as I have said, has extensive, fertile agricultural land and a good, diverse climate, and there are beneficial areas for investment in all agricultural areas, livestock and fish resources, fruit and vegetable production, and so forth. All areas are promising, but most unfortunately the investment sector has contributed only a limited amount, contrary to the local private sector, which, to be honest, has apparently, through our appraisal of the first 5-year plan, contributed the equivalent of 60 percent of the investments in the field of agriculture. Numerous agricultural projects have been set up, including poultry and cattle farms, and I can assert that in the coming plan we have set forth this goal as well and are giving all investors a big opportunity to invest their money in the Yemen Arab Republic. The latest al-Ta'if investors' conference proposed that Yemen, the Sudan and Iraq be among the foremost countries in which investments should be made in the agricultural production field, and we have played a large part in this regard. The areas in which people can enter the investment field in our country have already been stipulated. I would like to stress that investments have already been made in the second 5-year plan by the private and foreign sectors both. For example, there is the Ma'rib Poultry Company, 61 percent of whose capital consists of government participation, while 10 percent is the share of the Arab Livestock Production Company and 10 percent of the remainder belongs to the Arab Investment Company, while citizens contribute the rest.

There are other investments in this field, and we are still taking the private sector and foreign investments into consideration in our next plan.

Investments in the next plan have been set at 4.5 billion riyals; more than 1.5 billion of this will be contributed by the private sector. This is a good field for the private sector to benefit from, and the Ministry of Agriculture is giving great attention to the private sector. We have encouraged the establishment of many private poultry incubation and chicken farms. For example the ministry has set out technical designs for the Bilqis Company and we have encouraged it to produce in Ta'izz. It is a good company; its production amounts to 4 million chickens a year. It has a good attitude. In any case, private and foreign capital is still being directed into rapid, trivial investments, such as soft drinks and luxury factories, and this keeps it out of investments in other important areas which suffer from efforts and difficulties at the beginning, such as agriculture, which requires efforts, farmland, farming, then investment, then production, then marketing or processing. However, people flee from this into flighty projects that yield rapid, short-term

profits. However, the government has intended to give a new push to the private sector in the second 5-year plan, and this is what we have proposed to every investor.

[Question] But don't you think that the flight of the private sector is caused by the existence of difficulties or obstacles in the Ministry of Agriculture, on the one hand, and, on the other, the system of ownership that is widespread in Yemen, which may be summarized in the fact that each farmer has a farm 3 square meters in area, around which he puts a wall of sand 2 meters high and four meters wide, and so on? Does the Ministry of Agriculture have any resources for alleviating these problems?

[Answer] Indeed, most of the land belongs to citizens, farmers and local inhabitants, but, in spite of that, to be honest, farmers and Yemeni citizens in general take a positive attitude toward good people or investors, whether Arabs or foreigners, if they will have good intentions to invest and make good investments with Yemenis. Since the land is owned by people who want to make use of it, any company that is established will be able to reach agreement with landowners and will be able to buy it. There are no obstacles toward this on the Ministry of Agriculture's part, because that is private property and they have only to agree on price. I will give you an example. The Saba' Poultry Company, which is a private company, nonetheless found a large area of land on which to establish its company and it bought land from the inhabitants who owned it. Another example is the cattle company in Rasabah. It is a private company on which a cattle farm with a capacity of 300 head was established. That is, these are private companies in which the Ministry of Agriculture played no part beyond giving technical guidance on means for establishing and operating farms, and we guided them along the proper road. We had nothing to do with their agreements with the citizens, the purchase of land and so forth. The agreements were reached in our absence and we for our part did not ask to intervene at all.

There are of course difficulties in finding land, but there are no problems, since everyone has private property, and people can solve their matters by themselves, buy land and establish projects on it. There is land belonging to the government which the government supervises, exploits and invests in; the government provides this land in every project in which the government or a given fraternal or friendly country participates as a contributor so that it can be used in these guidance and service projects, experimental farms, and main and branch research stations which also in themselves serve the private agricultural sector.

[Question] Brother Muqbil, how, finally, do you envisage the future that faces you in the course of the execution of the second 5-year plan?

[Answer] To be honest, the future, as we have described it is good. There is a 5-year plan for every sector and each body must set forth policies to carry this plan out. For example, the Ministry of Agriculture has set out a plan to erect, study and build dams. However, dams require many technicians and many civil engineers. These things must be available. Dams must have land on which to be built, then one must review compensation for these lands, provided that there be no problems in compensating the citizens, as has happened with the Ma'rib Dam, where we are on the verge of coming up with a solution to compensation for the establishment and reconstruction of this great, important dam. Another example is that we have decided to produce a volume of wheat equivalent to what we import so that we can attain self-sufficiency. We are now importing 280,000 tons of wheat while our output does not exceed 67,000 tons.

The difference is big. For us to produce this wheat we must carry out the following essential activities. For one thing, a research center on the production of high-yield improved local wheat seeds must be established. What we have at hand is one of the highest quality strains in the world, Mexican Salonika, which experiments conducted in Yarim, Ta'izz, Ma'rib and al-Huth have proved is a good high-yield strain. However, we need a specific policy, including one on the land on which it is to be produced, the farmers who will be working with it when it is produced, and the farmers who will buy these seeds. In addition, we also want to bring our fish production up to more than 30,000 tons, but it is necessary to provide the following main basic things, including good fish nets, boats, fishing vessels, modern equipment and the like. Therefore, a policy must be set forth for every plan, and this plan will require time, effort and the provision of facilities to carry these policies out, so that they can help in the attainment of the goals which have been set forth for this plan and can seek to attain the figures that have been set down in the plan.

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